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Rendering of New Linda McNatt Animal Care & Adoption Center

City of Denton, Texas

Comprehensive Annual Financial Report
Fiscal Year Ending September 30, 2015

ToC

VISION

"Destination Denton"

Denton is an identifiable and memorable destination and a community of opportunities. We achieve this by providing high quality of life through excellence in education, entertainment, and employment; neighborhood vitality and sustainability; environmental and financial stewardship; and superior public facilities and services.

MISSION

"Dedicated to Quality Service"

The City of Denton will foster an environment that will deliver extraordinary quality service and products through stakeholder, peer group, and citizen collaboration; leadership and innovation; and sustainable and efficient use of resources.

VALUES

"We Care"

We care about our people, our community, and our work. We do this with integrity, respect, and fairness.

ToC

CITY OF DENTON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended September 30, 2015

CITY MANAGER

George C. Campbell

ASSISTANT CITY MANAGER
AND CHIEF FINANCIAL OFFICER

Bryan Langley

Prepared by:

Chuck Springer
Director of Finance

Antonio Puente
Assistant Director of Finance

Harvey Jarvis
Controller

Kevin Ann Mullen, CPA
Assistant Controller

Cody Wood
Assistant Controller

David Wilson
Electric Accounting Manager

Diane Chang, CPA
Senior Grants Accountant

Kurt Breyfogle
Senior Accountant

Ed Lane, CPA
Senior Accountant

Cindy Liang, CPA
Accountant

Katy Magee
Accountant

Lori Allen
Accounting Technician

Mary Billings
Electric Analyst

Nancy Towle
Budget Manager

Caroline Finley
Treasury Administrator

ToC

City of Denton, Texas
Comprehensive Annual Financial Report
For Year Ended September 30, 2015

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION (UNAUDITED):
- Transmittal Letter i
- Organizational Chart viii
- Certificate of Achievement ix
- List of Principal Officials x

FINANCIAL SECTION:
- Independent Auditor's Report 1
- Management's Discussion and Analysis 5
- Basic Financial Statements:
  - Government-wide Financial Statements:
    - Statement of Net Position 17
    - Statement of Activities 18
  - Fund Financial Statements:
    - Governmental Fund Financial Statements:
      - Balance Sheet 20
      - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 21
      - Statement of Revenues, Expenditures and Changes in Fund Balances 22
      - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 23
      - Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual General Fund 25
    - Proprietary Fund Financial Statements:
      - Statement of Net Position 26
      - Statement of Revenues, Expenses and Changes in Fund Net Position 30
      - Statement of Cash Flows 32
    - Fiduciary Fund Financial Statements:
      - Statement of Assets and Liabilities 34
  - Notes to Basic Financial Statements 35
- Required Supplementary Information:
  - Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System – Last Fiscal Year 75
  - Schedule of Changes in Net Pension Liability and Related Ratios – Denton Firemen's Relief and Retirement Fund – Last Fiscal Year 76
  - Schedule of Contributions – Texas Municipal Retirement System – Last Ten Fiscal Years 77
  - Schedule of Contributions – Denton Firemen's Relief and Retirement Fund – Last Ten Fiscal Years 78
  - Schedule of Other Postemployment Benefits – Funding Progress and Contributions – Last Three Valuation Years 79
- Combining and Individual Fund Financial Statements and Schedules:
  - Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual:
    - Debt Service Fund 81
  - Combining Balance Sheet – Nonmajor Governmental Funds 84
  - Combining Statement of Revenues, Expenditures and Changes in Fund Balances
    - Nonmajor Governmental Funds 86

ToC

City of Denton, Texas
Comprehensive Annual Financial Report
For Year Ended September 30, 2015

TABLE OF CONTENTS
(Continued)

Page

FINANCIAL SECTION (continued):

Combining and Individual Fund Financial Statements and Schedules (continued):

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual:

Recreation 88
Police Confiscation 89
Tourist and Convention 90
Street Improvement Fund 91
Gas Well Revenues Fund 92
Citizens' Park Trust 93

Combining Statement of Net Position – Internal Service Funds 96
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds 98
Combining Statement of Cash Flows – Internal Service Funds 100
Combining Statement of Assets and Liabilities – Agency Funds 102
Combining Statement of Changes in Assets and Liabilities – Agency Funds 103

Capital Assets Used in the Operation of Governmental Funds:

Comparative Schedules by Source 105
Schedule by Function and Activity 106
Schedule of Changes by Function and Activity 107

STATISTICAL SECTION (UNAUDITED):

Table

1 Net Position by Component 110
2 Changes in Net Position 112
3 Fund Balances of Governmental Funds 116
4 Changes in Fund Balances of Governmental Funds 118
5 Assessed Value and Estimated Actual Value of Taxable Property 120
6 Property Tax Rates (Per $100 of Assessed Value) – Direct and Overlapping Governments 122
7 Principal Property Taxpayers 124
8 Property Tax Levies and Collections 126
9 Ratio of Outstanding Debt by Type 128
10 Ratio of General Bonded Debt Outstanding 130
11 Direct and Overlapping Governmental Activities Debt 131
12 Pledged Revenue Coverage 132
13 Demographic and Economic Statistics 134
14 Principal Employers 135
15 Full-Time Equivalent City Government Employees by Function/Program 136
16 Operating Indicators by Function/Program 138
17 Capital Asset Statistics by Function/Program 140

OTHER SUPPLEMENTAL INFORMATION:

Schedule of Expenditures – Budget and Actual – General Fund 143

ToC

CITY OF DENTON
215 E. MCKINNEY • DENTON, TEXAS 76201 • (940) 349-8200 • FAX (940) 349-7206

February 24, 2016

The Honorable Mayor and Members of the City Council
City of Denton
Denton, Texas

It is with great pleasure that we present to you a copy of the Comprehensive Annual Financial Report (CAFR) of the City of Denton (the City) for the fiscal year ended September 30, 2015. The purpose of the report is to provide the City Council, management, citizens, and other interested parties with detailed information concerning the City's financial condition.

THE REPORT

The Texas Local Government Code (§ 103.001) requires an annual audit for municipalities. In addition, the City Charter (Section 2.13) requires a Certified Public Accountant who, as of the end of the fiscal year, shall make an "independent audit of accounts" and prepare a report to the City Council and the City Manager. This document fulfills the above mentioned requirements, and the independent auditor's opinion is included in the report for the fiscal year ended September 30, 2015.

The CAFR is presented in three main sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The Financial Section includes the Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information, Combining and Individual Fund Financial Statements, along with the independent auditors' report. The Statistical Section and Other Supplementary Information include selected financial and demographic information, generally presented on a multi-year basis.

The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the results of our operations in each of the various funds reported by the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The accounting firm of Weaver and Tidwell, L.L.P. has issued an unmodified opinion on the City of Denton's financial statements for the period ended September 30, 2015. As a recipient of federal and state grant awards, a separate audit is prepared to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. As a part of the City's single audit, tests are conducted to determine that the City has complied with applicable laws and regulations related to federal awards.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Originally incorporated on September 26, 1866, the City of Denton is now 97.411 square miles and has an estimated population of 120,945. The City is a home rule city and operates under the Council-Manager form of government. The elected seven-member council consists of a Mayor and six Council Members. The Mayor and two Council Members are elected at large, while the remaining representatives are elected from single member districts. The City Council enacts local laws, determines policy, and adopts the annual budget, and the City Manager is the chief executive officer for the City.

The City of Denton is located in the northern portion of the Dallas/Fort Worth Consolidated Metropolitan Statistical Area (CMSA). The City is a part of the Dallas/Fort Worth Metroplex, and is situated at the apex of a triangle based by Dallas (37 miles to the southeast) and Fort Worth (35 miles to the southwest) providing excellent access to and from all parts of the area.

The City provides a full range of general government services to its citizens including: public safety (police and fire protection); public works (construction and maintenance of highways, streets and infrastructure); parks and recreation; library; planning and zoning; economic development; and general administrative services. The City's enterprise fund operations consist of a utility system, solid waste, and airport operations. The City's utility system provides electric, water and wastewater services.

The internal service operations consist of the Materials Management, Fleet Services, Risk Retention, Health Insurance, Engineering Services and Technology Services funds. The Materials Management Fund accounts for the financing of Warehouse and Purchasing services which are provided to other City departments. The Fleet Services Fund accounts for the financing of goods and services provided by the municipal garage to other departments within the City. The Risk Retention Fund accounts for the accumulation of resources for the payment of workers' compensation, general liability claims, and insurance policies. The Health Insurance Fund accounts for administration of the self-insurance program for health coverage in the City. The Engineering Services Fund accounts for the provision of internal engineering services to various City operations and capital projects. The Technology Services Fund provides support for the various information and computer systems within the City. The financial statements presented include all government activities, organizations, and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB).

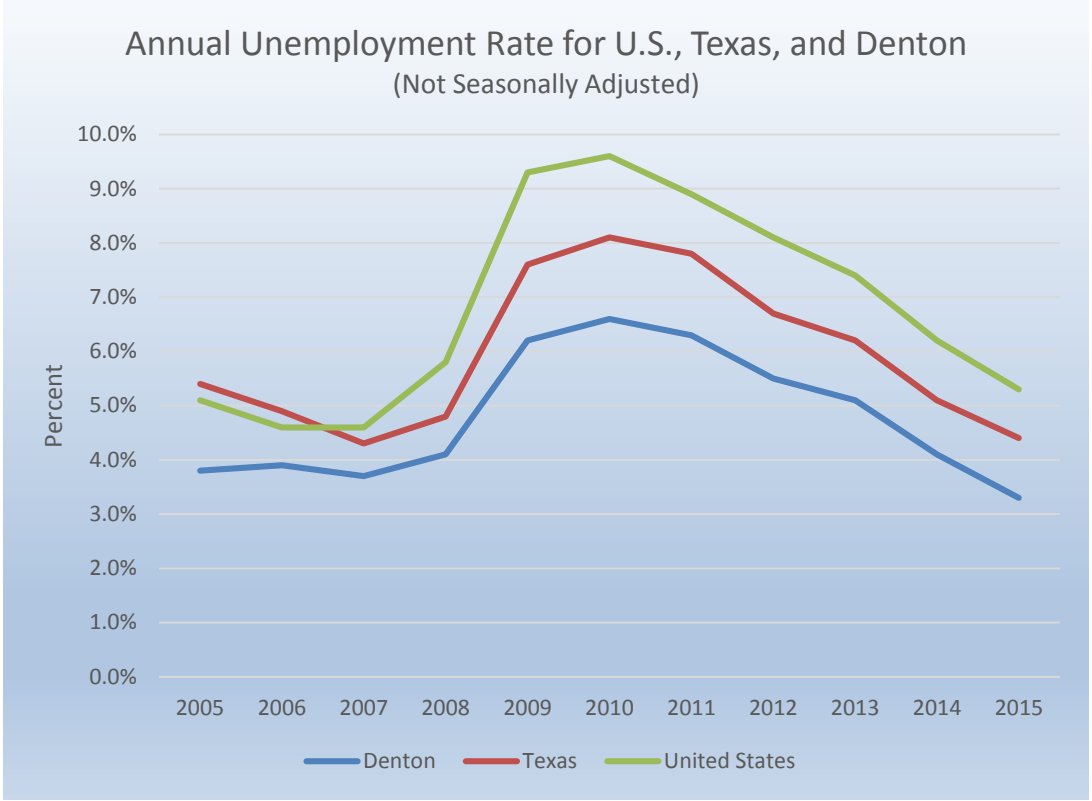
LOCAL ECONOMY

The City of Denton's tax base continues to grow with an average growth rate of 5.97% over the last 10 years. Recently, the City's tax base grew by 3.91% in FY 2013-14, 11.72% in FY 2014-15 and 8.54% in FY 2015-16. After property tax revenues, the second largest source of revenue in the General Fund is sales tax. Representing approximately 32% of overall revenue in the General Fund, sales tax is a significant revenue source that is dependent upon a variety of economic factors. For FY 2014-15, total sales tax revenues equaled $30,601,965, which is $2,837,851 or 10.2%, more than the prior year collections of $27,764,114. For FY 2015-16, sales tax collections are conservatively budgeted to increase by 1.1% over FY 2014-15 actual receipts.

Increased strength in employment and growth in new residential and commercial construction are leading indicators of continued growth in the City's property tax base and sales tax collections. The City of Denton's not seasonally adjusted unemployment rate remains well below state and national levels at 3.3 percent in 2015 which declined from 4.1 percent for 2014. The State of Texas not seasonally adjusted unemployment rate has also declined from 5.1 percent in 2014 to 4.4 percent in 2015. The City of Denton has issued 784 residential and commercial building permits for calendar year 2015, at an estimated value of $495 million. This compares to a total of 686 commercial and residential permits issued for calendar year 2014 at an estimated value of $368 million.

The following two charts highlight the strength of the local economy over the last ten years by displaying the City of Denton's unemployment rate compared to Texas and the United States and the taxable property values per capita in the City of Denton.

ToC


Annual Unemployment Rate for U.S., Texas, and Denton
(Not Seasonally Adjusted)
Percent
10.0%
9.0%
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
Denton
Texas
United States

Taxable Property Value Per Capita
(City of Denton)
$80,000
$70,000
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015

Fiscal year 2014-15 brought exciting news in economic development. Listed below are just a few of the highlights:

- The Rayzor Ranch mixed-use development has received a great deal of attention and interest from the community. Rayzor Ranch Marketplace located in the north side of the development has constructed over 400,000 square feet of retail and commercial space. Sam's Club and Wal-Mart anchor the Market Place with 137,381 and 189,929 square feet, respectively. Some of the new stores in the development include: Academy Sports and Outdoors, Salons by JC, Colorful Hearing, Kohl's, Boot Barn, and DK Foot and Casual. A 33,000 square foot building, which will house Guitar Center and a retail tenant, opened in October, 2015. A Taco Cabana has also opened in the Marketplace.

- Two phases are planned for the Rayzor Ranch Town Center, located on the south side of the development. Heritage Trail Boulevard will be constructed to allow access to the two phases on the east side of the development. Phase I, which will be completed in 2016, includes the construction of a Cinemark Movie Bistro, WinCo, Chili's, Raising Cane, and an In-N-Out Burger. This phase also includes a Convention Center and Hotel described in more detail in the next paragraph.

- O'Reilly Hotel Partners Denton's (OHPD) convention center and hotel development plans include the construction of a 285-318 room Embassy Suites Hotel, an approximately 70,000 square foot convention center, and a Houlihan's restaurant. The anticipated convention center meeting space is approximately 37,850 square feet. The meeting space would be of sufficient size to accommodate conventions with up to 650 participants with a Grand Banquet room that will hold up to 1,750 people for banquet-style events. The hotel and convention center would be managed by O'Reilly Hospitality Management (OHM). The convention center and hotel will be located in the Rayzor Ranch Town Center. As a major anchor for the Town Center, the convention center and hotel can capitalize on the synergy associated with the planned shopping, entertainment, and restaurants located nearby.

- The Railyard (Stoke) downtown project is located in the Tax Increment Reinvestment Zone (TIRZ) Number One, Downtown Implementation Plan (DTIP) and Transit Oriented Development (TOD) area. Rail Yard Partners, LTD. is renovating an existing 28,000 square foot building as a part of a larger transit-oriented catalyst project. They will invest an initial $12 million in the co-working and mixed-use space. The City will lease 9,216 square feet for a collaborative working space. A separate Agreement with the Dallas Entrepreneur Center (DEC) is planned. The DEC, which has similar entrepreneur resource centers in Addison and North Dallas, would offer memberships, technical assistance, mentorship and program events to help foster local business growth in Denton. The development also includes a residential component with 110 apartment/loft units.

- WinCo Foods has acquired approximately 77 acres in the Westpark Tax Increment Reinvestment Zone Number Two area of Denton. They plan on constructing a regional, multi-state distribution facility for consumer products. The 800,000+/- square foot distribution facility is to be located on the west side of Western Boulevard, just north of Airport Road. WinCo is a regional retailer with multiple distribution facilities across the United States. This particular project would include approximately $130 million in capital investment and would create 165 jobs with an annual payroll of around $7.2 million.

LONG-TERM FINANCIAL PLANNING

In conjunction with this document, interested parties are encouraged to read the City of Denton's FY 2015-16 Annual Budget document. This document details the City's strategic plan, long-term financial policies, program accomplishments, and other key initiatives. The document also includes the long-term financial forecasts for each

of the major funds, and a summary of the assumptions that are included in these plans. In addition, the budget document provides an overview of the adopted Capital Improvement Program and planned future debt issuances. The budget document can be obtained from the City of Denton's Finance Department by calling (940) 349-8260. The Annual Budget can also be accessed through the City's web site at www.cityofdenton.com and selecting the Finance Department under the "Departments and Services" link.

RELEVANT FINANCIAL POLICIES

The City of Denton maintains reserve balances for emergencies. In the General Fund, the target reserve level is 15-20% of budgeted expenditures to provide stability and flexibility for the organization. The actual reserve level has exceeded this target for the current fiscal year. As described in the accompanying CAFR document, the unassigned fund balance is $27.4 million, or 26.6%, of the budgeted General Fund expenditures for the fiscal year ended September 30, 2015.

Beginning in FY 2011-12, the City adopted a policy which requires a minimum ending working capital balance (current assets minus current liabilities) of at least 8% of budgeted expenditures for the Electric, Water, Wastewater and Solid Waste Funds. If the working capital level should fall below the desired minimum, the City will implement necessary corrective action with a five-year plan to restore the working capital balance to 8% of budgeted expenditures.

Additionally, rate reserve levels were established for the Electric, Water, Wastewater, and Solid Waste Funds in FY 2011-12 according to the unique operational aspects of each utility. The rate reserve levels were revised in FY 2012-13 and FY 2014-15 based on the factors of revenue stability, expense volatility, infrastructure age, debt levels and management plans for the use of these reserves. The rate reserve level is established at a range of 8% to 12% of expenses for the Electric Fund, at a range of 12% to 16% of expenses for the Wastewater Fund, at a range of 17% to 25% of expenses for the Water Fund, and at a range of 4% to 8% of expenses for the Solid Waste Fund. If the rate reserve level falls below the range, the City will implement necessary corrective action within a five-year plan to restore the balances to the levels outlined above.

The City of Denton has adopted an Investment Policy which guides the investment of all City funds. In accordance with State law, the policy is reviewed annually by the City Council to ensure that public funds are being invested in a conservative and prudent fashion. In addition, the City also annually reviews and approves a Debt Management policy. The purpose of this policy is to provide general guidelines regarding the issuance of City debt and the use and limitation of such debt. The City complied with all aspects of the Investment and Debt Management policies during FY 2014-15.

MAJOR INITIATIVES

In FY 2014-15, the City continued to emphasize street maintenance and repair activities as funding in the Street Improvement Fund was increased $1.8 million. The staffing level in this fund was increased with the addition of two field service positions. In addition, capital funding of $575,715 was approved for equipment purchases and $200,000 for an updated Overall Conditions Index (OCI) study. Transportation funding will increase by $250,421 for a new Bicycle and Pedestrian Coordinator position, LED light replacements, traffic counts, and traffic signal battery backups.

In addition to improving the City's street infrastructure, the enhancement of public safety is also identified in the Strategic Plan as a major initiative. Accordingly, the FY 2014-15 General Fund budget included $423,400 in funding enhancements for public safety programs. These enhancements included the addition of three police officers to assist during times of peak demand, the reclassification of an administrative assistant in the Fire Department to full-time from part-time, and the purchase of electronic ticket writers by the Municipal Court to improve the efficiency of parking enforcement by Texas Woman's University.

Employee compensation remained a continuing priority for FY 2014-15 with an average 3% merit increase provided to all employees along with eligible step increases for all police and fire civil service personnel. In addition, funding was provided for equity pay adjustments for employees whose salary was below the market rate

for their positions. Another major funding program was the downtown technology initiative budgeted in the amount of $220,000. This program is structured to incentivize innovative and creative technology companies to invest and locate in central Denton. The General Fund budget also included the funding of two building inspectors and a permit technician to maintain service levels due to increased development, funding for increased right-of-way maintenance through contracted services, and funding of needed replacement of half of the Library's self-service equipment.

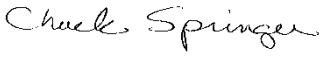
AWARDS AND ACKOWLEDGEMENTS

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2014, for the thirtieth consecutive year. In order to be awarded the Certificate of Achievement in Financial Reporting, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is held for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received the GFOA award for Distinguished Budget Presentation for its fiscal year 2014-15 Annual Budget for the twenty-ninth consecutive year. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged according to its compliance with specific guidelines established by GFOA. These guidelines help ensure that Denton's budget is distinguished as an operations guide, financial plan, policy document, and communications device. The City has submitted its fiscal year 2015-16 Annual Budget to GFOA to determine its eligibility for another certificate. We believe it continues to meet the Distinguished Budget Presentation Award criteria.

In 2015, the City's Purchasing Department earned the Excellence in Procurement Award from the National Purchasing Institute, Inc. (NPI) for the seventeenth year in a row. This award is achieved by those organizations that demonstrate excellence in procurement by achieving a high score on standardized criteria designed to measure innovation, professionalism, productivity, and leadership. NPI represents purchasing officials employed by national, state, and local governments; educational institutions; and tax-supported and public entities throughout the country.

We would like to thank the City Council for their strong leadership and support that helped make the presentation of this report possible. We would also like to thank the City Manager, Finance staff, department directors, division heads and especially the Accounting Division staff for their diligent efforts in the preparation of the annual financial report.

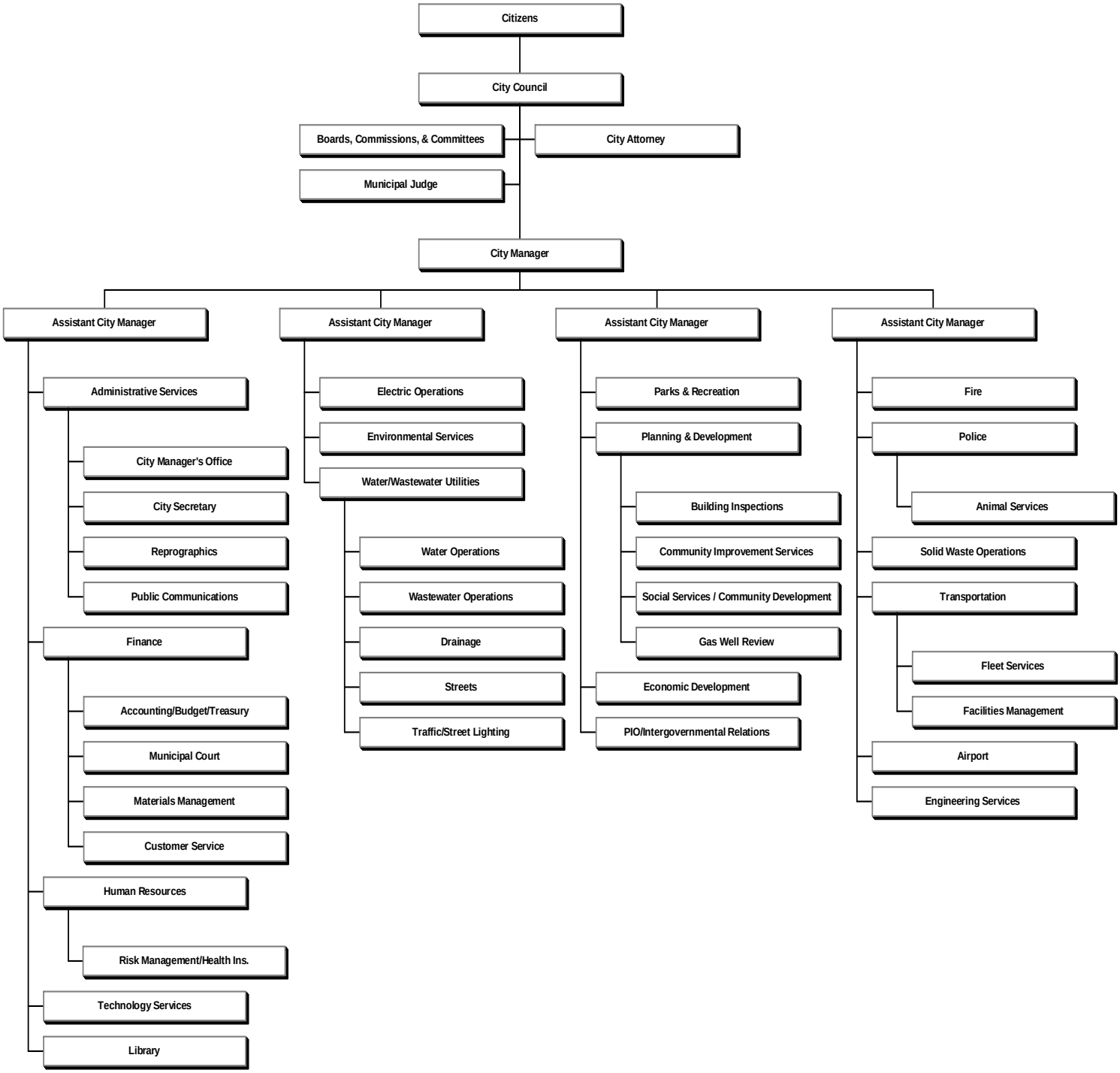


Bryan Langley
Chief Financial Officer

Chuck Springer
Director of Finance

CITY
OF
DENTON

CITY OF DENTON
CURRENT ORGANIZATIONAL CHART



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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Denton

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

ToC

CITY OF DENTON, TEXAS

List of Principal Officials
September 30, 2015

ELECTED OFFICIALS

Title	Name
Mayor	Chris Watts
Councilmember	Keely Briggs
Councilmember	Dalton Gregory
Councilmember	Joey Hawkins
Councilmember	Greg Johnson
Councilmember	Kevin Roden
Councilmember	Kathleen Wazny

CITY OFFICIALS

Title	Name
City Manager	George C. Campbell
Assistant City Manager	Howard Martin
Assistant City Manager	Jon Fortune
Assistant City Manager / Chief Financial Officer	Bryan Langley
Assistant City Manager	John Cabrales
City Attorney	Anita Burgess
Municipal Judge	Robin Ramsay
City Secretary	Jennifer Walters

weaver
Assurance • Tax • Advisory

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of City Council
City of Denton, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Denton, Texas (the City) as of and for the year ended September 30, 2015, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I.F. to the financial statements, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27,* and GASB Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68,* as of September 30, 2015. Also discussed in Note I.F. to the financial statements, the City made a prior period adjustment for the accrual for compensated absences, as of September 30, 2015. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Budgetary Comparison Schedule-General Fund; Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Contributions; Schedule of Funding Progress, and the notes to the required supplementary information on pages 5 through 15 and 75 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fun financial statements and schedules, capital assets used in the operation of governmental fund schedules, other supplementary information, and statistical section are

presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, capital assets used in the operation of governmental funds schedules, and other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell LLP

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 24, 2016

CITY
OF
DENTON

CITY OF DENTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

The City of Denton's Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page i) and the City's financial statements (beginning on page 17).

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year ended September 30, 2015 by $716,148,019 (net position). Of this amount, $113,766,926 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by $4,346,897. This decrease can be attributed to the implementation of GASB 68, "*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27,*" for the pension obligations.
- As of September 30, 2015, the City's governmental funds reported combined fund balances of $112,994,323, an increase of $22,430,085 in comparison with the prior fiscal year. Compared to the prior year, revenues were higher by $8.0 million due primarily to higher property and sales tax of $8.5 million, higher fines and forfeitures of $0.2 million, franchise fees of $1.0 million, licenses and permits of $0.8 million, and investment revenue of $0.2 million. The higher revenues were offset by lower intergovernmental revenues of $0.8 million, miscellaneous revenues of $1.3 million and fees for service of $0.8 million. Expenditures reflect higher costs for public safety of $2.6 million, higher costs for public works of $2.6 million, higher costs for general government of $1.1 million, higher costs for parks and recreation of $0.5 million, and higher capital expenditures of $3.0 million. Total expenditures of the City's combined governmental funds are $11.0 million higher than the prior year. New proceeds from the issuance of long-term debt added $29.2 million in new funding. Net transfers changed by a positive $0.6 million, from $0.9 million net transfer in fiscal year 2014, to a net transfer in of $1.5 million in fiscal year 2015. Approximately 24.1% of the $112,994,323, or $27,291,311, is available for spending at the government's discretion (unassigned fund balance)
- The City's total noncurrent liabilities, including other noncurrent liabilities, increased by $142,633,948 during the fiscal year. The primary reasons for the changes are the issuance of $37.6 million of general obligation refunding and improvement bonds, $93.0 million of certificates of obligation, and the issuance of $33.9 million of general obligation refunding bonds, offset by the normal pay down of general obligation bonds and certificates of obligation of $33.5 million, and the normal pay down of revenue bonds of $11.6 million. The general obligation refunding bonds refunded $12.1 million of general obligation bonds, $4.2 million of certificates of obligation and $37.3 million of revenue bonds. In addition to issuance and pay down of debt, the City implemented GASB 68 adding $72.7 million to the total noncurrent liabilities for pension obligations. Additional information on the City's long-term debt can be found in note IV. G. on pages 53 - 57 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City of Denton's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, deferred inflows, and deferred outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave). Both the statement of net position and the statement of activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis.

In its Statement of Net Position and the Statement of Activities, the City is divided between two kinds of activities:

- **Governmental activities**. Most of the City's basic services are reported here, including police, fire, libraries, development, public services and operations, public works, building inspection, technology services and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- **Business-type activities**. The City charges a fee to customers to cover the cost of services it provides. The City's utility systems (electric, water and wastewater), solid waste and airport activities are reported here.

The government-wide financial statements can be found on pages 17 - 19 of the report.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies. The below illustration summarizes the major features the City's financial statements.

Major Features of City of Denton's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government	Activities of the City that are not proprietary, such as police, fire and parks	Activities the City operates similar to private businesses: electric, water, wastewater utilities, solid waste and airport operations
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Types of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year of soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- **Governmental funds**. The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

  The City of Denton maintains twelve governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for eight of these non-major governmental funds along with an aggregate of all other is provided in the form of combining statements elsewhere in this report.

- **Proprietary funds**. The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net

Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are similar to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows. The internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies and services for the City's other programs and activities, such as the City's municipal warehouse, the City's self-insurance fund, and the City's equipment maintenance function. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

The City of Denton maintains five enterprise funds. The City uses enterprise funds to account for its electric, water and wastewater systems, solid waste, and airport operations. The funds provide the same type of information as the government-wide financial statements, only in more detail and include the internal service fund-type activity. The City considers all enterprise funds to be major funds.

- **Fiduciary funds**. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are a component of fiduciary funds. Agency funds differ from other fiduciary funds in that they do not typically involve a formal trust agreement. Agency funds are used to account for situations where the City's role is purely custodial, such as receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations, or other governments.

  The City maintains three fiduciary funds which include the payroll fund, developers' escrow fund, and other agency funds. The City uses agency funds to account for the collection and payment of the City's payroll and associated liabilities, employee-purchased insurance and other similar relationships.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 - 74 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of September 30, 2015, the City's combined net position were $716,148,019, of which $146,354,778 can be attributed to governmental activities and $569,793,241 attributed to business-type activities. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net position (75.0%) reflects its investment in capital assets (e.g., land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 212,610	$ 194,311	$ 395,349	$ 378,877	$ 607,959	$ 573,188
Capital assets, net of accumulated depreciation	228,555	212,487	792,582	715,611	1,021,137	928,098
Total assets	441,165	406,798	1,187,931	1,094,488	1,629,096	1,501,286
Deferred outflows of resources	11,727	1,336	9,161	4,466	20,888	5,802
Long-term liabilities outstanding	195,143	127,997	555,840	480,352	750,983	608,349
Other liabilities	111,312	110,892	71,403	67,352	182,715	178,244
Total liabilities	306,455	238,889	627,243	547,704	933,698	786,593
Deferred inflows of resources	82	-	56	-	138	-
Net position:						
Net investment in capital assets	141,915	128,915	421,894	383,678	563,809	512,593
Restricted	13,215	12,233	25,357	28,057	38,572	40,290
Unrestricted	(8,775)	28,097	122,542	139,515	113,767	167,612
Total net position	$ 146,355	$ 169,245	$ 569,793	$ 551,250	$ 716,148	$ 720,495

Governmental activities increased the City's net position by $16,357,607 with a prior period adjustment decreasing governmental activities by $39,247,319. Business-type activities increased the City's net position by $38,464,683 with a prior period adjustment decreasing business-type activities by $19,921,868. The key elements of these increases are contained in Table 2.

Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for services	$ 18,274	$ 18,429	$ 266,428	$ 241,765	$ 284,702	$ 260,194
Operating grants and contributions	3,380	3,410	-	-	3,380	3,410
Capital grants and contributions	10,443	12,506	8,594	5,656	19,037	18,162
General Revenues:						
Property tax	54,175	48,833	-	-	54,175	48,833
Sales tax	30,602	27,764	-	-	30,602	27,764
Franchise tax	21,996	21,001	-	-	21,996	21,001
Hotel occupancy tax	2,156	1,983	-	-	2,156	1,983
Beverage tax	574	419	-	-	574	419
Bingo tax	20	21	-	-	20	21
Investment Income	759	563	1,693	1,356	2,452	1,919
Miscellaneous	1,930	1,980	42	521	1,972	2,501
Total revenues	144,309	136,909	276,757	249,298	421,066	386,207
Expenses:						
General government	31,260	30,477	-	-	31,260	30,477
Public safety	58,132	56,894	-	-	58,132	56,894
Public works	20,332	16,950	-	-	20,332	16,950
Parks and recreation	14,983	14,543	-	-	14,983	14,543
Interest on long-term debt	4,385	4,339	-	-	4,385	4,339
Electric	-	-	158,107	157,906	158,107	157,906
Water	-	-	25,871	24,023	25,871	24,023
Wastewater	-	-	24,307	22,176	24,307	22,176
Solid waste	-	-	26,767	23,844	26,767	23,844
Airport	-	-	2,100	2,436	2,100	2,436
Total expenses	129,092	123,203	237,152	230,385	366,244	353,588
Increase in net position before transfers	15,217	13,706	39,605	18,913	54,822	32,619
Transfers	1,141	877	(1,141)	(877)	-	-
Increase in net position	16,358	14,583	38,464	18,036	54,822	32,619
Net position at beginning of year, restated	129,997	154,662	531,329	533,214	661,326	720,495
Net position at end of year	$146,355	$ 169,245	$ 569,793	$ 551,250	$ 716,148	$ 753,114

Governmental activities. Expenses for the governmental activities reflects an increase of $0.8 million in general government, an increase of $1.2 million in public safety, a $3.4 million increase in public works, and a $0.4 million increase in parks and recreation. The most significant governmental activities expense was in providing public safety, which incurred expenses of $58,132,146. The most significant portion of public safety is the cost of personnel, which totaled $46,769,434. These expenses were funded by revenues collected from a variety of sources, with the largest being from property taxes, which are $54,174,965 for the fiscal year ended September 30, 2015. Other significant governmental activities expense for the City includes general government, which incurred $31,260,126 in expenses, of which $14,453,996 represented personnel charges. The $2.2 million decrease in governmental program revenues are mainly due to a decrease of $0.2 million in charges for services, and the Capital grants and contributions decreased $2.1 million due primarily to a decrease due to the completion of the Public Safety Training Facility and the Denton Animal Shelter. Governmental general

revenues included an increase of $5.3 million for Property tax and an increase of $2.8 million for sales tax due to an improving economy. Transfers reflect a $1.1 transfer in for the current year as compared to a transfer in of $0.9 million on the prior fiscal year.

Business-type activities. Business-type activities increased the City's net position by $38,464,683, accounting for 70.2% of the growth in the entity-wide net position. Utility service revenues increased by $24.0 million. Electric charges for services provided a $17.6 million increase in revenues due to $4.8 million base rate increase, $6.2 million in higher ECA recovery, a new rate to recover $4.7 million in transmission costs, and $1.9 million in higher transmission of energy for other utilities. Water charges for services increased by $1.7 million due to 0.1% decrease in billed water volume and an average rate increase of 3.0%. Wastewater charges provided $1.6 million of the increase due to a 0.1% decrease in billed wastewater volume a 6.0% rate increase for retail and commercial customers. Solid Waste charges for service provided $3.1 million. A 2.9% increase for the standard residential cart, a 3.6% rate increase for large residential cart, and a 4.0% rate increase for small residential cart provided an increase of $0.6 million. Increased construction activity resulted in additional dumpster fees of $1.7 million. In addition to the rate increases, landfill customers provided $0.8 million increase when the heavy rains cause customers to come the Denton landfill when other landfills in the area were inaccessible. Water and Wastewater collected $4.4 million and $2.1 million in impact fees, respectively. Capital contributions, which arise from new property development within the City, represent a major revenue source for the Airport, Water and Wastewater during the current fiscal year, producing $8.6 million in revenue. The Airport gas well revenues contributed an additional $0.6 million to the increase in net assets. Total business-type's operating costs, before depreciation, decreased by $0.2 million. Electric expenses reflect a reduction of $2.8 million for decreased costs related to purchase power costs of $7.1 million offset by increased personnel of $1.4 million and administrative cost of $2.9 million. Water expenses reflect $0.4 million in increased costs for personnel, repairs and maintenance costs of $0.8 million offset by lower administrative costs of $0.5 million. Wastewater expenses reflect a $1.9 million in increased costs for purchased power, personnel, maintenance and repairs, and administrative costs. Solid Waste operations expenses reflect a $0.5 million in increased costs for personnel. Airport operations expenses reflect a $0.2 million in decreased costs for repairs and maintenance and administrative costs.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources available to spend. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $113.0 million, an increase of $22.4 million in comparison with the prior year. Approximately $27.3 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance has been classified to indicate that it is not available for new spending because it has already been classified as restricted ($75.4 million), committed ($6.3 million), and assigned ($3.9 million).

The General Fund is the chief operating fund of the City. At September 30, 2015, the unassigned fund balance of the General Fund was $27.4 million, or 26.4% of budgeted general fund expenditures. The General Fund's ending fund balance increased by $1.5 million during the current fiscal year. The change in fund balance is due to expenditures, including other financing uses, of $94.4 million, and revenues, including other financing sources, of $95.9 million. Revenues were $6.0 million higher compared to the previous year primarily due to increased taxes of $7.1 million, licenses and permits of $0.8 million, offset by lower franchise fees of $0.9 million, fines and forfeitures of $0.8 million, and intergovernmental of $0.3 million. The net change in expenditures was $3.9 million higher as compared to the previous year. Public safety expenditures increased by $1.8 million, primarily due to increased personnel costs of $1.5 million, and transfer costs of $0.3 million. The

increase of $1.3 million in general government is due to $0.7 million increase and personnel costs and $0.4 million increase due to operations and services costs. The increase of $0.4 public works is due to $0.1 million increase and personnel costs and $0.2 million increase due to maintenance and repairs costs. The increase of $0.3 parks and recreation is due to increased and personnel costs. Personnel costs, on a year over year comparison, for general government, public safety, public works, parks and recreation were $2.6 million higher due to an average merit increase of 3% for non-civil service employees, a pay adjustment for civil service employees to reach the market average plus 5% and continued step raises for the public safety civil service employees. All personnel costs were also higher due to increased benefit costs.

At the end of the fiscal year, the capital projects fund has a total fund balance of $65.7 million, an increase of $18.6 million. The total fund balance is made up of $61.8 million in restricted funds and $3.9 million in assigned funds, both for capital construction and acquisition. In 2015, the City received $29.4 million of proceeds from the issuance of debt and $5.9 million of regional toll revenues from the Texas Department of Transportation, the University of North Texas, and Denton County for street construction while expending $23.2 million on construction and acquisition. In addition, the capital projects fund received $0.3 million in interest income, $0.6 million from the sale of fixed assets, approximately $0.5 million due primarily to donations, road damage assessment fees, developer's aid in construction, and $3.4 million of transfers from other funding sources.

The debt service fund has a total fund balance of $4.8 million, all of which is restricted for the payment of debt service. As compared with the prior year results, the overall increase in the debt service fund balance of $0.1 million resulting from an increase of $0.1 million in tax revenue, offset by an increase of $1.3 million in principal and interest costs, while there was a $1.3 million increase of premiums on debt issuance and a reduction of $1.3 million in the refunding bonds issued and the payments to refunded bond escrow agent.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at September 30, 2015 in proprietary funds are $50.5 million for Electric, $32.1 million for Water, $25.2 million for Wastewater, $1.0 million for Solid Waste, and $3.8 million for the Airport Fund. The results reflect an increase of the unrestricted net position in the Wastewater fund of $2.1 million and decreases in the Electric Fund of $11.8 million, the Water fund of $2.6 million, the Solid Waste fund of $2.6 million, and the Airport fund of $2.1 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Denton's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2015, one formal amendments to adjust the City's of Denton Annual Program of Services was approved by Council for the General Fund. Council approved an additional $0.8 million to purchase equipment.

GENERAL FUND BUDGET TO ACTUAL HIGHLIGHT

For fiscal year 2015, General Fund actual expenditures (including transfers) on a budgetary basis were $102.4 million compared to the final budget of $103.6 million. The $1.2 million positive expenditure variance was primarily due to reduced costs of $0.8 million in personnel, and $0.4 million in operations and services. The lower Personnel costs were due to $1.1 million lower costs in public safety, $0.2 million in parks and recreation offset by $0.5 million higher than budgeted personnel costs in general government. In addition to personnel savings, general government, public safety and parks and recreation also saw a combined cost savings of $0.4 million in operations and services costs. Parks and recreation also had $0.1 million lower than budgeted maintenance costs.

Actual revenues for the General Fund (including transfers and sale of capital asset) on a budgetary basis were $103.9 million compared to the final budget of $102.2 million. Of the $1.7 million revenue variance, approximately, $2.4 million is a positive revenue variance is due to greater that budgeted sales tax revenue, $0.1

million positive variance for mixed beverage tax, and a negative $0.2 million variance due to lower than budgeted ad valorem tax. Licenses and permits experienced a positive variance of $0.5 million due to higher that budgeted revenues collected. Fines and forfeitures experienced $0.8 million in lower that budgeted revenues. Intergovernmental revenue variance of $0.3 million in lower than budgeted actual amounts.

The City of Denton's General Fund unassigned fund balance at September 30, 2015 is $27.4 million, or 26.4% of budgeted expenditures. Below is a listing of the ending unassigned balances for the prior year, as well as the fiscal year 2015 unassigned fund balance.

	Actual 9/30/2015	Actual 9/30/2014
Unassigned balance	$27,365,168	$25,176,737
% of total budgeted expenditures	26.4%	25.4%
Policy level	15-20%	15-20%

The largest revenue source of the General Fund's budget was the ad valorem tax. Denton's ad valorem tax rate is comprised of two components. The first is the operations and maintenance component that is used to calculate revenue for the City's General Fund operations. The second component is the debt portion that is used to calculate revenue to pay the City's general debt service obligations. The Denton Central Appraisal District's certified appraisal roll shows an increase of 11.72% compared to the prior year certified value, which showed an increase of 3.91%. The current property tax year included $187 million of new growth and construction that was added to the tax rolls in Tax year 2014 as compared to Tax year 2013. The fiscal year 2015 ad valorem tax rate remained the same as the prior year at $0.68975 per $100 of valuation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At the end of fiscal year 2015, the City had $1,021,137,000 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, electrical infrastructure, and water and sewer lines (see Table 3 below). This amount represents a net increase (including additions and deductions) of $93,037,000 or 10.0% over the prior fiscal year.

Table 3
Capital Assets at Year-end
(Net of Accumulated Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	$ 15,867	$ 15,765	$ 23,675	$ 22,287	$ 39,542	$ 38,052
Landfill improvements	-	-	6,575	9,269	6,575	9,269
Building and improvements	36,790	38,331	12,797	9,937	49,587	48,268
Plant, machinery and equipment	34,272	29,149	170,220	156,254	204,492	185,403
Water rights	-	-	51,529	52,225	51,529	52,225
Infrastructure	91,765	92,222	314,404	270,832	406,169	363,054
Construction in progress	49,861	37,020	213,382	194,807	263,243	231,827
Total capital assets	$ 228,555	$ 212,487	$ 792,582	$ 715,611	$ 1,021,137	$ 928,098

This year's major asset additions included:

Description	Amount
Lake Lewisville Water Treatment Plant	$ 39,214,480
DME Engineering Operations Building	2,796,913
Eagle Drive drainage	2,306,303
Fire Department aerial truck	1,477,156
Forest Meadows paving	1,177,684
Technical Services Vblock datacenter	1,073,598
RDW-DW easement	972,589
Water meter installation project	742,169
Police training center equipment	738,019
Summer Oaks subdivision	680,374
Total	$ 51,179,285

Additional information on the City's capital assets can be found in note IV. D. on pages 48 - 50 of this report.

Debt. At year-end, the City had $667.9 million in bonds and notes outstanding as compared to $601.9 million at the end of the prior fiscal year, an increase of 11.0%, as shown in Table 4.

Table 4
Outstanding Debt at Year-end
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation bonds	$ 95,019	$ 78,316	$ 108,586	$ 79,189	$ 203,605	$ 157,505
Certificates of obligation	41,590	41,570	359,375	290,640	400,965	332,210
Revenue bonds	-	-	63,340	112,170	63,340	112,170
Total	$ 136,609	$ 119,886	$ 531,301	$ 481,999	$ 667,910	$ 601,885

These amounts do not include net unamortized premiums/ (discounts) of $33,603,929 or net deferred gain/ (loss) on refunding of ($5,989,996). During the current fiscal year, the City issued debt two times, on June 16, 2015 and on September 15, 2015. The June debt issuance resulted in $93.0 million in certificates of obligation, of which $76.1 million is for enterprise operations, $16.9 million is for governmental activities, and $37.7 million in general obligation refunding and improvement bonds which refunded $12.1 million in general obligation bonds, $4.2 million in certificates of obligation and provided $21.8 million of new funding for various governmental capital improvements. The September debt issuance resulted in $33.9 million general obligation refunding bonds which refunded utility operation activities. Normal pay down in general obligation bonds was $13.4 million, $20.1 million in certificates of obligation and $11.6 million in utility revenue bonds. No utility revenue bonds have been issued since 2008 as management has elected to utilize certificates of obligation bonds as a result of lower interest rates.

Moody's Investor's Service, Inc. has given the City's General Obligation Bonds and the Certificates of Obligation a rating of "Aa2." Standard and Poor's Corporation has given both the City's General Obligation Bonds and Certificates of Obligation an "AA+" rating. Fitch has given the City's General Obligation Bonds and the Certificates of Obligation a rating of "AA+." The City's Utility Revenue Bonds carry "A1" and "AA-" ratings by Moody's and Standard and Poor's, respectively. The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to certified assessed value of all taxable property is 2.25%.

Other long-term liabilities. The City maintains a self-insurance program for general liability, auto liability, public officials' liability, errors and omission liability, police professional liability, and workers' compensation. Private insurance companies cover claims for property loss over $50,000 per location/$250,000 per occurrence aggregate, for workers' compensation losses over $500,000 per occurrence, and for liability over $1,000,000 per occurrence. The City has a reserve for claims and judgments of $2.9 million outstanding at year-end compared with $2.5 million at the end of the prior fiscal year. Other obligations include pension liabilities, accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note IV. G., on pages 53 - 57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While growth for the Denton community is expected to be moderate in the short term, demands for city services is expected to remain strong over the long term. As a result, the fiscal year 2016 Budget includes an Ad valorem tax rate of $0.68975/$100 valuation and maintains the same rate in comparison to the prior year. While sales tax has increased over the prior year by 10.2%, financial projections anticipate an increase of 3.0% in fiscal year 2016. General Fund expenditure enhancements for fiscal year 2016 include new positions in public safety, neighbor services, administrative and community services. Funding enhancements of $1.5 million will be budgeted for public safety, $1.1 million for neighbor services, and $0.9 million for administrative and community services in fiscal year 2016 in accordance with priorities established through the Strategic Plan.

The fiscal year 2016 budget includes a cost recovery factor and base rate increase of 4.5% for all electric customers. The water budget includes an average rate increase of 6.3 % for residential customers and a 3.1% increase for commercial customers. Wastewater includes an average rate increase of 2.7% for residential customers and a 1.2% increase for commercial customers. The solid waste residential standard cart rate will increased by 2.4%.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Denton Finance Department, 215 E. McKinney, Denton, Texas 76201.

CITY
OF
DENTON

CITY OF DENTON, TEXAS **Exhibit I**
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current assets:			
Cash, cash equivalents and investments, at fair value	$ 62,390,988	$ 129,592,301	$ 191,983,289
Receivables, net of allowances:			
Taxes	6,064,568	-	6,064,568
Accounts	-	13,709,341	13,709,341
Unbilled utility service	-	15,216,143	15,216,143
Interest	224,111	451,736	675,847
Other	3,043,505	593,605	3,637,110
Internal balances	(13,616,644)	13,616,644	-
Due from other governments	1,983,168	-	1,983,168
Inventory	5,994,402	-	5,994,402
Prepaid items	-	56,054,841	56,054,841
Debt issuance costs - insurance	5,940	26,368	32,308
Total current assets	66,090,038	229,260,979	295,351,017
Noncurrent assets:			
Restricted assets:			
Cash, cash equivalents and investments, at fair value	145,565,506	165,352,926	310,918,432
Escrow deposits	171,841	50,000	221,841
Accrued interest	507,478	576,429	1,083,907
Other receivables	260,947	-	260,947
Debt issuance costs - insurance	14,586	108,293	122,879
Capital assets not being depreciated:			
Land	15,867,021	23,675,272	39,542,293
Construction in progress	49,861,039	213,381,830	263,242,869
Capital assets, net of accumulated depreciation:			
Buildings	36,789,727	12,796,838	49,586,565
Plant, machinery and equipment	34,271,782	170,219,951	204,491,733
Infrastructure	91,765,131	314,404,396	406,169,527
Landfill improvements	-	6,575,216	6,575,216
Water rights	-	51,528,585	51,528,585
Total noncurrent assets	375,075,058	958,669,736	1,333,744,794
Total assets	441,165,096	1,187,930,715	1,629,095,811
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refundings	2,037,157	3,952,809	5,989,966
Deferred pension actuarial losses	1,989,650	1,221,868	3,211,518
Deferred pension contributions	7,700,210	3,986,659	11,686,869
Total deferred outflows of resources	11,727,017	9,161,336	20,888,353
LIABILITIES:			
Current liabilities:			
Accounts payable	8,974,226	9,666,950	18,641,176
Retainage payable	-	522,618	522,618
Deposits	-	4,824,906	4,824,906
Accrued interest	6,735	23,858	30,593
Due to other governments	504	-	504
Noncurrent liabilities due within one year	22,472,135	41,419,954	63,892,089
Other liabilities	384,594	-	384,594
Unearned revenue	77,084,853	-	77,084,853
Payable from restricted assets:			
Accounts payable	1,154,125	8,582,721	9,736,846
Retainage payable	489,139	2,394,145	2,883,284
Accrued interest	746,295	3,967,968	4,714,263
Total current liabilities	111,312,606	71,403,120	182,715,726
Noncurrent liabilities:			
Noncurrent liabilities due in more than one year	195,142,834	555,839,909	750,982,743
Total noncurrent liabilities	195,142,834	555,839,909	750,982,743
Total liabilities	306,455,440	627,243,029	933,698,469
DEFERRED INFLOWS OF RESOURCES			
Deferred pension excess earnings	81,895	55,781	137,676
Total deferred inflows of resources	81,895	55,781	137,676
NET POSITION:			
Net investment in capital assets	141,914,877	421,894,337	563,809,214
Restricted for:			
Debt service	4,260,793	17,808,945	22,069,738
Parks and recreation	5,588,260	-	5,588,260
Capital acquisition	-	7,547,513	7,547,513
Other grants and purposes	3,366,368	-	3,366,368
Unrestricted	(8,775,520)	122,542,446	113,766,926
Total net position	$ 146,354,778	$ 569,793,241	$ 716,148,019

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 31,260,126	$ 5,364,405	$ 2,011,470	$ -
Public safety	58,132,146	7,276,024	1,319,251	424,427
Public works	20,331,934	707,604	-	10,018,793
Parks and recreation	14,982,742	4,926,465	49,398	-
Interest expense	4,384,973	-	-	-
Total governmental activities	129,091,921	18,274,498	3,380,119	10,443,220
Business-type activities:				
Electric system	158,106,661	167,696,288	-	-
Water system	25,870,489	37,572,331	-	2,736,603
Wastewater system	24,307,305	30,790,885	-	5,826,767
Solid waste	26,766,890	29,091,216	-	-
Airport	2,100,281	1,277,402	-	30,329
Total business-type activities	237,151,626	266,428,122	-	8,593,699
Total primary government	$ 366,243,547	$ 284,702,620	$ 3,380,119	$ 19,036,919
General revenues:				
Taxes:				
Property tax				
Sales tax				
Franchise fees				
Hotel occupancy tax				
Beverage tax				
Bingo tax				
Investment income				
Gain on sale of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year as previously reported				
Prior period adjustment (Note I.F.)				
Net assets at beginning of year - as restated				
Net position at end of year				

The notes to the basic financial statements are an integral part of this statement.

Exhibit II

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ (23,884,251)	$ -	$ (23,884,251)
(49,112,444)	-	(49,112,444)
(9,605,537)	-	(9,605,537)
(10,006,879)	-	(10,006,879)
(4,384,973)	-	(4,384,973)
(96,994,084)	-	(96,994,084)
-	9,589,627	9,589,627
-	14,438,445	14,438,445
-	12,310,347	12,310,347
-	2,324,326	2,324,326
-	(792,550)	(792,550)
-	37,870,195	37,870,195
(96,994,084)	37,870,195	(59,123,889)
54,174,965	-	54,174,965
30,601,965	-	30,601,965
21,996,031	-	21,996,031
2,156,294	-	2,156,294
573,758	-	573,758
20,380	-	20,380
759,334	1,692,971	2,452,305
707,966	42,455	750,421
1,220,060	-	1,220,060
1,140,938	(1,140,938)	-
113,351,691	594,488	113,946,179
16,357,607	38,464,683	54,822,290
169,244,490	551,250,426	720,494,916
(39,247,319)	(19,921,868)	(59,169,187)
129,997,171	531,328,558	661,325,729
$ 146,354,778	$ 569,793,241	$ 716,148,019

CITY OF DENTON, TEXAS **Exhibit III**
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2015

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash, cash equivalents and investments, at fair value	$ 24,826,345	$ 4,758,901	$ 143,080,422	$ 15,917,978	$ 188,583,646
Receivables, net of allowances for uncollectibles:					
Taxes	5,826,236	238,332	-	-	6,064,568
Accrued interest	93,227	16,590	498,788	55,489	664,094
Other	2,764,342	-	-	479,966	3,244,308
Interfund receivables	316,069	-	-	105,434	421,503
Due from other governments	423,062	-	886,884	673,222	1,983,168
Total assets	$ 34,249,281	$ 5,013,823	$ 144,466,094	$ 17,232,089	$ 200,961,287
LIABILITIES:					
Accounts payable	4,699,356	-	1,222,966	1,806,673	7,728,995
Retainage payable	-	-	489,139	-	489,139
Interfund payables	-	-	-	105,434	105,434
Due to other governments	504	-	-	-	504
Other liabilities	384,594	-	-	-	384,594
Unearned revenues	-	-	77,031,312	53,541	77,084,853
Total liabilities	5,084,454	-	78,743,417	1,965,648	85,793,519
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	478,879	221,943	-	-	700,822
Unavailable revenue - general services	897,718	-	-	-	897,718
Unavailable revenue - intergovernmental	423,062	-	-	151,843	574,905
Total deferred inflows of resources	1,799,659	221,943	-	151,843	2,173,445
FUND BALANCES:					
Restricted for:					
Debt service	-	4,791,880	-	-	4,791,880
Parks and recreation	-	-	8,700,399	5,588,260	14,288,659
Streets and drainage projects	-	-	42,537,941	-	42,537,941
Other capital projects	-	-	10,603,695	-	10,603,695
Other grants and purposes	-	-	-	3,218,466	3,218,466
Committed to:					
Streets	-	-	-	1,388,223	1,388,223
Parks and recreation	-	-	-	513,484	513,484
Other purposes	-	-	-	4,430,392	4,430,392
Assigned to:					
Streets and drainage projects	-	-	2,214,613	-	2,214,613
Capital projects	-	-	1,666,029	-	1,666,029
Other purposes	-	-	-	49,630	49,630
Unassigned	27,365,168	-	-	(73,857)	27,291,311
Total fund balances	27,365,168	4,791,880	65,722,677	15,114,598	112,994,323
Total liabilities, deferred inflows of resources and fund balances	$ 34,249,281	$ 5,013,823	$ 144,466,094	$ 17,232,089	$ 200,961,287

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit IV**
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2015

Total fund balances - governmental funds (Exhibit III)			**$ 112,994,323**
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Includes capital assets of internal service funds.			**228,554,700**
Certain receivables will be collected next year but are not available soon enough to pay for the current period's expenditures and therefore are reported as unearned revenues in the funds.			**2,173,445**
Deferred outflows of resources are not reported in the governmental funds. Includes deferred outflows of internal service funds:			
Deferred loss on refundings	**$**	**2,037,157**	
Deferred pension actuarial losses		**1,989,650**	
Deferred pension contributions		**7,700,210**	**11,727,017**
An internal charge to business-type activities is not recorded at the fund level.			**(9,932,713)**
Several internal service funds are used by the City's management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets, liabilities, deferred outflows, and deferred inflows of the internal service funds are included with governmental activities. Internal service fund balances not included in other reconciling items listed above or below:			
Current assets	**$**	**25,666,730**	
Liabilities		**(11,122,335)**	**14,544,395**
Long-term balances, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Includes balances of internal service funds. Long-term liabilities and related balances at year-end consist of:			
General obligation bonds payable	**$**	**(95,019,058)**	
Certificates of obligation payable		**(41,590,000)**	
Bond (premiums)/discounts		**(6,039,853)**	
Debt issuance costs		**20,526**	
Accrued interest on the bonds		**(753,030)**	
Capital leases payable		**(2,079,226)**	
Municipal pension obligation		**(53,272,590)**	
Other post employment benefits liability		**(3,733,735)**	
Compensated absences		**(11,157,528)**	**(213,624,494)**
Deferred inflows of resources are not reported in the governmental funds. Includes deferred outflows of internal service funds:			
Deferred pension excess earnings			**(81,895)**
Total net position of governmental activities (Exhibit I)			**$ 146,354,778**

The notes to the basic financial statements are an integral part of this exhibit.

CITY OF DENTON, TEXAS **Exhibit V**
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	$ 68,844,155	$ 16,223,099	$ -	$ 2,515,684	$ 87,582,938
Licenses and permits	2,782,395	-	-	-	2,782,395
Franchise fees	12,969,628	-	-	9,026,403	21,996,031
Fines and forfeitures	3,721,677	-	-	2,783,498	6,505,175
Fees for services	6,039,221	-	-	3,352,039	9,391,260
Investment revenue	221,867	87,941	371,995	77,531	759,334
Intergovernmental	1,051,630	-	5,939,638	3,245,421	10,236,689
Miscellaneous	141,090	-	523,943	722,094	1,387,127
Total revenues	95,771,663	16,311,040	6,835,576	21,722,670	140,640,949
EXPENDITURES:					
Current:					
General government	24,694,516	-	330,324	4,252,435	29,277,275
Public safety	52,739,309	-	219,975	3,018,890	55,978,174
Public works	3,306,507	-	326,121	8,806,503	12,439,131
Parks and recreation	11,209,486	-	35,420	2,032,610	13,277,516
Capital outlay	572,876	-	22,246,954	892,570	23,712,400
Debt service:					
Principal retirement	-	11,866,784	-	52,199	11,918,983
Advance refunding escrow	-	120,519	-	-	120,519
Bond issuance costs	-	62,675	118,734	-	181,409
Interest and other charges	-	4,641,230	-	6,298	4,647,528
Total expenditures	92,522,694	16,691,208	23,277,528	19,061,505	151,552,935
Excess (deficiency) of revenues over (under) expenditures	3,248,969	(380,168)	(16,441,952)	2,661,165	(10,911,986)
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	-	14,290,000	-	-	14,290,000
Payment to refunded bond escrow agent	-	(15,604,758)	-	-	(15,604,758)
Issuance of long-term debt	-	-	29,240,000	-	29,240,000
Premium on debt issuance	-	1,377,165	1,837,749	-	3,214,914
Sale of capital assets	117,763	-	597,922	-	715,685
Transfers in	250	382,800	3,384,361	790,413	4,557,824
Transfers out	(1,840,096)	-	-	(1,231,498)	(3,071,594)
Total other financing sources (uses)	(1,722,083)	445,207	35,060,032	(441,085)	33,342,071
Net change in fund balances	1,526,886	65,039	18,618,080	2,220,080	22,430,085
Fund balance at beginning of year	25,838,282	4,726,841	47,104,597	12,894,518	90,564,238
Fund balances at end of year	$ 27,365,168	$ 4,791,880	$ 65,722,677	$ 15,114,598	$ 112,994,323

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit VI**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - total governmental funds (Exhibit V)	**$**	**22,430,085**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($23,712,400) is different from depreciation and retirement of assets ($13,279,875 = $15,365,007 total governmental minus $2,085,132 internal service portion) in the current period.		**10,432,525**
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Such amounts are recorded in the funds when considered available.		**(2,146,311)**
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position.		**4,186,092**
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which payments exceeded proceeds.		**(16,996,017)**
Fund-level financials report costs related to bonds as expenditures; however, these are deferred and amortized on the government-wide financials.		**(1,776,508)**
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		**186,037**
Internal service funds are used by management to charge the costs of certain activities, such as insurance and technology services, to individual funds. A portion of the net revenue (expense) of certain internal service funds is reported with governmental activities. The amount reported with business-type activities is $50,968.		**41,704**
Change in net position of governmental activities (Exhibit II)	**$**	**16,357,607**

The notes to the basic financial statements are an integral part of this statement.

CITY
OF
DENTON

CITY OF DENTON, TEXAS **Exhibit VII**
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 66,549,857	$ 66,549,857	$ 68,844,155	$ -	$ 68,844,155	$ 2,294,298
Licenses and permits	2,308,943	2,308,943	2,782,395	-	2,782,395	473,452
Franchise fees	13,205,315	13,205,315	12,969,628	-	12,969,628	(235,687)
Fines and forfeitures	4,558,188	4,558,188	3,721,677	-	3,721,677	(836,511)
Fees for services	6,325,337	6,325,337	6,039,221	264,083	6,303,304	(22,033)
Investment revenue	196,541	196,541	221,867	-	221,867	25,326
Intergovernmental	988,577	988,577	1,051,630	-	1,051,630	63,053
Miscellaneous	160,254	160,254	141,090	-	141,090	(19,164)
Total revenues	94,293,012	94,293,012	95,771,663	264,083	96,035,746	1,742,734
EXPENDITURES:						
Current:						
General government	32,887,941	32,411,748	24,694,516	7,886,352	32,580,868	(169,120)
Public safety	53,931,222	53,919,162	52,739,309	28,030	52,767,339	1,151,823
Public works	3,221,417	3,359,529	3,306,507	2,656	3,309,163	50,366
Parks and recreation	11,788,704	11,756,304	11,209,486	86,712	11,296,198	460,106
Capital outlay	897,544	564,975	572,876	-	572,876	(7,901)
Total expenditures	102,726,828	102,011,718	92,522,694	8,003,750	100,526,444	1,485,274
Excess (deficiency) of revenues over (under) expenditures	(8,433,816)	(7,718,706)	3,248,969	(7,739,667)	(4,490,698)	3,228,008
OTHER FINANCING SOURCES (USES):						
Sale of capital assets	141,000	141,000	117,763	-	117,763	(23,237)
Transfer in	7,751,083	7,751,083	250	7,739,667	7,739,917	(11,166)
Transfers out	(119,812)	(1,600,438)	(1,840,096)	-	(1,840,096)	(239,658)
Total other financing sources (uses)	7,772,271	6,291,645	(1,722,083)	7,739,667	6,017,584	(274,061)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(661,545)	(1,427,061)	1,526,886	-	1,526,886	2,953,947
Fund balances at beginning of year	25,838,282	25,838,282	25,838,282	-	25,838,282	-
Fund balance at end of year	$ 25,176,737	$ 24,411,221	$ 27,365,168	$ -	$ 27,365,168	$ 2,953,947

Adjustments - Budgetary Basis are expenditures allocated to and reimbursed by other funds. These expenditures are recorded in the other funds' financials.

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds			
	Electric System	Water System	Wastewater System	Solid Waste
ASSETS:				
Current assets:				
Cash, cash equivalents and investments, at fair value	$ 59,233,592	$ 33,956,232	$ 26,590,977	$ 5,714,548
Receivables, net of allowances:				
Accounts	8,683,555	2,227,228	1,462,204	1,309,547
Unbilled utility service	9,631,641	2,509,573	1,576,294	1,498,635
Accrued interest	206,492	118,347	92,696	19,919
Other	480,860	1,052	-	-
Interfund receivables	3,086,729	467,242	129,960	-
Merchandise inventory	-	-	-	-
Prepaid items	56,054,841	-	-	-
Unamortized debt issuance costs - insurance	10,774	12,424	2,655	515
Total current assets	137,388,484	39,292,098	29,854,786	8,543,164
Noncurrent assets:				
Restricted assets:				
Cash, cash equivalents and investments, at fair value	82,221,202	34,000,175	25,840,907	22,663,505
Escrow deposit	-	50,000	-	-
Accrued interest	286,630	118,527	90,079	79,007
Total restricted assets	82,507,832	34,168,702	25,930,986	22,742,512
Unamortized debt issuance costs - insurance	41,224	62,267	2,712	2,090
Capital assets, net of accumulated depreciation	301,143,625	247,087,890	185,928,053	43,795,823
Total noncurrent assets	383,692,681	281,318,859	211,861,751	66,540,425
Total assets	521,081,165	320,610,957	241,716,537	75,083,589
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charges on refunding	1,268,275	1,945,851	545,544	156,246
Deferred pension actuarial losses	492,031	262,003	202,481	249,430
Deferred pension contributions	1,605,377	854,852	660,647	813,831
Total deferred outflows of resources	3,365,683	3,062,706	1,408,672	1,219,507
LIABILITIES:				
Current liabilities:				
Accounts payable	6,686,435	1,320,148	628,066	974,513
Retainage payable	-	504,940	-	-
Claims payable	-	-	-	-
Compensated absences payable	1,043,491	480,959	348,399	411,025
Leases payable	-	-	-	-
Deposits	4,311,030	267,194	40,563	206,119
Accrued interest	-	-	-	-
Interfund payables	-	-	-	-
Payable from restricted assets:				
Accounts payable	6,574,768	21,360	1,166,364	814,480
Retainage payable	659,952	1,391,594	320,811	-
Accrued interest	2,391,387	926,338	375,076	275,167
Revenue and certificate and general obligation bonds	17,021,586	10,011,166	5,702,799	6,052,193
Total current liabilities paid from restricted assets	26,647,693	12,350,458	7,565,050	7,141,840
Total current liabilities	38,688,649	14,923,699	8,582,078	8,733,497

Exhibit VIII

Airport	Total Enterprise Funds	Governmental Activities - Internal Service Funds
$ 4,096,952	$ 129,592,301	$ 19,372,848
26,807	13,709,341	-
-	15,216,143	-
14,282	451,736	67,495
111,693	593,605	60,144
-	3,683,931	-
-	-	5,994,402
-	56,054,841	-
-	26,368	-
4,249,734	219,328,266	25,494,889
627,137	165,352,926	-
-	50,000	171,841
2,186	576,429	-
629,323	165,979,355	171,841
-	108,293	-
14,626,697	792,582,088	10,394,615
15,256,020	958,669,736	10,566,456
19,505,754	1,177,998,002	36,061,345
36,893	3,952,809	53,027
15,923	1,221,868	277,445
51,952	3,986,659	905,238
104,768	9,161,336	1,235,710
57,788	9,666,950	2,399,356
17,678	522,618	-
-	-	2,233,039
23,330	2,307,204	506,309
-	-	753,091
-	4,824,906	-
23,858	23,858	6,735
-	-	4,000,000
5,749	8,582,721	-
21,788	2,394,145	-
-	3,967,968	-
325,006	39,112,750	263,935
352,543	54,057,584	263,935
475,197	71,403,120	10,162,465

(continued)

CITY OF DENTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds			
	Electric System	Water System	Wastewater System	Solid Waste
Noncurrent liabilities:				
Leases payable	$ -	$ -	$ -	$ -
Payable from restricted assets:				
General obligation bonds payable	41,202,543	45,134,261	18,591,275	3,738,247
Certificates of obligation	266,105,870	27,001,288	28,685,844	31,476,513
Revenue bonds payable, net of premium/discount	18,912,744	31,362,385	2,871,925	-
Compensated absences payable	210,368	55,754	60,900	142,389
Claims payable	-	-	-	-
Municipal pension obligation	10,807,350	5,754,839	4,447,456	5,478,685
Other post employment benefits	550,224	573,868	377,942	436,823
Landfill closure/postclosure costs	-	-	-	6,813,786
Total noncurrent liabilities	337,789,099	109,882,395	55,035,342	48,086,443
Total liabilities	376,477,748	124,806,094	63,617,420	56,819,940
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension excess earnings	22,462	11,961	9,244	11,387
Total deferred inflows of resources	22,462	11,961	9,244	11,387
NET POSITION:				
Net investment in capital assets	92,025,112	152,488,820	148,582,193	18,499,708
Restricted for debt service	5,420,565	9,679,393	2,708,987	-
Restricted for capital acquisition	-	4,587,529	2,959,984	-
Unrestricted	50,500,961	32,099,866	25,247,381	972,061
Total net position	$ 147,946,638	$ 198,855,608	$ 179,498,545	$ 19,471,769

Adjustment to reflect inclusion of internal service fund activities related to enterprise funds.

Net position of business-type activities (Exhibit I)

The notes to the basic financial statements are an integral part of this statement.

Exhibit VIII

Airport	Total Enterprise Funds	Governmental Activities - Internal Service Funds
$ -	$ -	$ 1,215,599
1,278,842	109,945,168	1,033,365
3,390,561	356,660,076	-
-	53,147,054	-
1,254	470,665	75,703
-	-	2,489,940
349,741	26,838,071	6,094,032
26,232	1,965,089	418,063
-	6,813,786	-
5,046,630	555,839,909	11,326,702
5,521,827	627,243,029	21,489,167
727	55,781	12,665
727	55,781	12,665
10,298,504	421,894,337	7,181,652
-	17,808,945	-
-	7,547,513	-
3,789,464	112,609,733	8,613,571
$ 14,087,968	$ 559,860,528	$ 15,795,223
	9,932,713	
	$ 569,793,241	

(concluded)

CITY OF DENTON, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds		
	Electric System	Water System	Wastewater System
OPERATING REVENUES:			
Utility services	$ 165,584,882	$ 32,190,917	$ 27,331,166
Charges for goods and services	-	-	-
Other fees	2,111,406	952,118	1,412,994
Miscellaneous	-	-	-
Total operating revenues	167,696,288	33,143,035	28,744,160
OPERATING EXPENSES:			
Operating expenses before depreciation	141,404,808	16,424,335	17,302,502
Depreciation	8,595,585	6,269,984	6,099,265
Total operating expenses	150,000,393	22,694,319	23,401,767
Operating income (loss)	17,695,895	10,448,716	5,342,393
NON-OPERATING REVENUES (EXPENSES):			
Investment revenue	805,902	408,615	298,303
Interest expense and fiscal charges	(8,126,804)	(3,356,986)	(946,531)
Impact fee revenue	-	4,429,296	2,046,725
Gain (loss) on disposal of capital assets	(231,309)	(42,178)	58,300
Gas well revenues	-	-	-
Other non-operating revenues (expenses)	-	171,540	30,651
Total non-operating revenues (expenses)	(7,552,211)	1,610,287	1,487,448
Income (loss) before contributions and transfers	10,143,684	12,059,003	6,829,841
CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	-	2,736,603	5,826,767
Transfers in	30,000	51,000	262,825
Transfers out	(389,953)	(123,922)	(986,222)
Total contributions and transfers	(359,953)	2,663,681	5,103,370
Change in net position	9,783,731	14,722,684	11,933,211
Net position at beginning of year - as previously stated	146,369,635	188,307,469	170,789,022
Prior period adjustment (Note I.E)	(8,206,728)	(4,174,545)	(3,223,688)
Net position at beginning of year	138,162,907	184,132,924	167,565,334
Total net position at end of year	$ 147,946,638	$ 198,855,608	$ 179,498,545

Change in fund net position of proprietary funds
Adjustment to reflect inclusion of internal service fund activities related to enterprise funds.
Change in net position of business-type activities (Exhibit II)

The notes to the basic financial statements are an integral part of this statement.

Exhibit IX

Solid Waste	Airport	Total Enterprise Funds	Governmental Activities - Internal Service Funds
$ 28,705,401	$ 634,885	$ 254,447,251	$ -
-	-	-	60,899,458
385,815	60,668	4,923,001	-
-	-	-	2,413,632
29,091,216	695,553	259,370,252	63,313,090
19,445,473	1,417,358	195,994,476	60,787,252
6,197,190	610,007	27,772,031	2,085,132
25,642,663	2,027,365	223,766,507	62,872,384
3,448,553	(1,331,812)	35,603,745	440,706
141,013	39,138	1,692,971	111,386
(1,134,578)	(73,406)	(13,638,305)	(106,572)
-	-	6,476,021	-
257,642	-	42,455	(41,992)
-	581,849	581,849	-
-	27	202,218	-
(735,923)	547,608	(4,642,791)	(37,178)
2,712,630	(784,204)	30,960,954	403,528
-	30,329	8,593,699	34,436
470,751	-	814,576	35,780
(405,417)	(50,000)	(1,955,514)	(381,072)
65,334	(19,671)	7,452,761	(310,856)
2,777,964	(803,875)	38,413,715	92,672
20,728,524	15,174,031	541,368,681	20,227,051
(4,034,719)	(282,188)	(19,921,868)	(4,524,500)
16,693,805	14,891,843	521,446,813	15,702,551
$ 19,471,769	$ 14,087,968	$ 559,860,528	$ 15,795,223
		38,413,715	
		50,968	
		$ 38,464,683	

CITY OF DENTON, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-type Activities - Enterprise Funds		
	Electric System	Water System	Wastewater System
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 163,057,379	$ 31,495,185	$ 27,999,288
Cash paid to employees for services	(12,794,758)	(9,296,615)	(7,239,519)
Cash paid to suppliers	(124,564,903)	(7,469,197)	(10,523,234)
Net cash provided (used) by operating activities	25,697,718	14,729,373	10,236,535
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out	(389,953)	(106,422)	(515,471)
Transfers in	30,000	51,000	27,825
Proceeds from issuance of non-capital debt	3,435,733	-	-
Principal payments on non-capital debt	(3,445,000)	-	-
Interest and fiscal charges on non-capital debt	(2,506,034)	-	-
Net cash used by noncapital financing activities:	(2,875,254)	(55,422)	(487,646)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance of debt	81,298,981	19,171,472	13,561,256
Principal payments on capital debt	(24,530,000)	(26,115,000)	(10,275,000)
Interest and fiscal charges	(7,549,299)	(4,600,178)	(1,516,271)
Principal payments under capital lease obligation	-	-	-
Proceeds from gas wells	-	-	-
Proceeds from impact fees	-	4,429,296	2,046,725
Proceeds from sale of capital assets	29,239	147,363	111,981
Acquisition and construction of capital assets	(66,376,278)	(8,586,099)	(11,237,813)
Net cash used by capital financing activities	(17,127,357)	(15,553,146)	(7,309,122)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale and maturities of investment securities	51,067,563	30,221,159	18,953,127
Purchase of investment securities	(57,028,114)	(29,900,042)	(21,462,680)
Interest received on investments	712,747	374,440	262,782
Net cash provided (used) by investing activities	(5,247,804)	695,557	(2,246,771)
Net increase (decrease) in cash and cash equivalents	447,303	(183,638)	192,996
Cash and cash equivalents at beginning of year	14,595,964	7,417,734	5,383,236
Cash and cash equivalents at end of year	15,043,267	7,234,096	5,576,232
Investments, at fair value (Note IV.A.)	126,411,527	60,722,311	46,855,652
Cash, cash equivalents and investments, at fair value	$ 141,454,794	$ 67,956,407	$ 52,431,884
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 17,695,895	$ 10,448,716	$ 5,342,393
Adjustments:			
Depreciation expense	8,595,585	6,269,984	6,099,265
Decrease (Increase) in receivables	(2,957,040)	(1,683,380)	(747,636)
Decrease (Increase) in interfund receivables	(84,451)	35,530	2,764
Increase in inventories	-	-	-
Decrease in prepaid items	1,304,082	-	-
Decrease in escrow deposits	-	-	-
Increase (Decrease) in accounts payable	2,817,162	(285,316)	(379,446)
Decrease in unearned revenue	(1,597,418)	-	-
Increase (Decrease) in compensated absences payable	190,428	52,715	6,192
Decrease in net municipal pension obligations, as restated	(388,599)	(206,926)	(159,916)
Increase in other post employment benefits	122,074	98,050	72,919
Increase in closure/postclosure liability	-	-	-
Increase in interfund payables	-	-	-
Total adjustments	8,001,823	4,280,657	4,894,142
Net cash provided (used) by operating activities	$ 25,697,718	$ 14,729,373	$ 10,236,535
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:			
Increase in fair value of investments	85,221	39,406	31,733
Increase (Decrease) in equity due to non-cash transfers	-	(17,500)	(235,751)
Capital asset contributions	-	2,736,603	5,826,767
Increase in capital lease obligations	-	-	-

The notes to the basic financial statements are an integral part of this statement.

Exhibit X

Solid Waste	Airport	Total Enterprise Funds	Governmental Activities Internal Service Funds
$ 28,405,382	$ 688,761	$ 251,645,995	$ 63,371,335
(9,219,139)	(585,263)	(39,135,294)	(10,324,954)
(9,167,308)	(947,342)	(152,671,984)	(49,553,339)
10,018,935	(843,844)	59,838,717	3,493,042
(170,417)	(50,000)	(1,232,263)	(381,072)
-	-	108,825	35,780
-	-	3,435,733	-
-	-	(3,445,000)	-
-	-	(2,506,034)	-
(170,417)	(50,000)	(3,638,739)	(345,292)
11,626,227	441,864	126,099,800	-
(6,703,220)	(699,677)	(68,322,897)	(325,318)
(1,363,576)	(135,205)	(15,164,529)	(108,993)
-	-	-	(764,479)
-	664,430	664,430	-
-	-	6,476,021	-
258,975	-	547,558	38,886
(8,146,457)	(2,123,104)	(96,469,751)	(1,796,396)
(4,328,051)	(1,851,692)	(46,169,368)	(2,956,300)
4,614,833	5,012,984	109,869,666	7,633,018
(9,689,209)	(2,613,432)	(120,693,477)	(7,944,903)
109,445	44,656	1,504,070	103,635
(4,964,931)	2,444,208	(9,319,741)	(208,250)
555,536	(301,328)	710,869	(16,800)
2,462,915	803,720	30,663,569	2,087,308
3,018,451	502,392	31,374,438	2,070,508
25,359,602	4,221,697	263,570,789	17,302,340
$ 28,378,053	$ 4,724,089	$ 294,945,227	$ 19,372,848
$ 3,448,553	$ (1,331,812)	$ 35,603,745	$ 440,706
6,197,190	610,007	27,772,031	2,085,132
(742,102)	(6,792)	(6,136,950)	41,244
-	-	(46,157)	-
-	-	-	(649,192)
-	-	1,304,082	17,700
-	-	-	17,000
824,483	(106,326)	2,870,557	1,513,863
-	-	(1,597,418)	-
12,196	(1,054)	260,477	27,488
(196,995)	(12,575)	(965,011)	(655,567)
81,416	4,708	379,167	514,668
394,194	-	394,194	-
-	-	-	140,000
6,570,382	487,968	24,234,972	3,052,336
$ 10,018,935	$ (843,844)	$ 59,838,717	$ 3,493,042
18,962	1,597	176,919	11,422
235,751	-	(17,500)	-
-	30,329	8,593,699	34,436
-	-	-	1,793,040

CITY OF DENTON, TEXAS **Exhibit XI**
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF SEPTEMBER 30, 2015

		Total Agency Funds
ASSETS:		
Cash, cash equivalents and investments, at fair value	**$**	**2,141,234**
Accrued interest		**804**
Other assets		**76,978**
Total assets	**$**	**2,219,016**
LIABILITIES:		
Accounts payable		**2,219,016**
Total liabilities	**$**	**2,219,016**

The notes to the basic financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Denton is a municipal corporation governed by an elected seven-member council consisting of a mayor elected at large and six councilpersons, four representing specific geographical districts and two elected at large. The City receives funding from state and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity," as defined in pronouncements by the Governmental Accounting Standards Board (GASB), as council members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

The financial statements of the City have been prepared to conform to accounting principles generally accepted (GAAP) in the United States of America as applicable to state and local governments. Generally accepted accounting principles for local governments include principles prescribed by GASB, the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting entity

An elected seven-member council consisting of a mayor and six councilpersons govern the City. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units, which are entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City. The City had no component units, discretely presented or blended, at September 30, 2015.

B. Government-wide and fund financial statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The reporting focus is either the City as a whole (government-wide financial statements) or major individual funds (within the fund financial statements). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (public safety, public works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) grants and contributions that are restricted to meeting operational requirements of a particular function or segment; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise fees, interest income, etc.).

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category and for the governmental and enterprise funds combined)

for the determination of major funds. Non-major funds are combined in a column in the fund financial statements.

Internal service funds, which traditionally provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statements. The financial statements of internal service funds are allocated (based on the percentage of goods or services provided) between the governmental and business-type activities when presented at the government-wide level.

The City's fiduciary funds are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund-level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property tax, franchise fees, sales tax and other taxes associated with the current fiscal period are all susceptible to accrual and so have been recognized as revenues of the current fiscal period. All of the other revenue items are considered to be measurable and available only when cash is received.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid general operating costs, fixed charges and capital improvement costs that are not paid through other funds.

The debt service fund accounts for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt, paid primarily by taxes levied by the City. On a budgetary-basis, the debt service fund also accounts for pass-through debt service payments from the self-supporting proprietary funds.

The capital projects fund accounts for financial resources used for the acquisition or construction of capital other than those recorded in the enterprise funds and internal service funds.

Other governmental funds are a summarization of all of the non-major governmental funds.

The City reports the following major proprietary funds:

The City utility system is made up of three separate funds as follows:

The electric fund accounts for electrical utility services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The water fund accounts for water utility services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The wastewater fund accounts for sewer and storm water services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The City provides additional services through the following funds:

The solid waste fund accounts for the provision of solid waste services to the residents of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The airport fund accounts for the airport services to the public and is funded through operational and gas well revenues. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The City additionally reports the following funds:

Internal service funds are used to account for the financing of materials and services provided by one department of the City to other departments of the City on a cost-reimbursement basis.

Agency funds are used to account for the payment of payroll, developers' escrow funds, and other similar liabilities. The City holds the assets in an agency capacity for individuals, private organizations or other governments.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's electric, water, wastewater, solid waste, and airport funds are charges to customers for services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. For deferred charges, the City recognizes, as an asset or a liability, the difference between the electric fund's energy cost adjustment (ECA) revenue collected and related costs.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities and net assets or equity

1. Cash, cash equivalents and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are carried at fair value or cost, if maturities are one year or less. Fair value is determined as the price at which two willing parties would complete an exchange. The City uses a pooled cash and

investment fund to hold and account for all of the City's investments. For financial reporting purposes, the investment balances in the pooled fund are allocated back to the individuals funds based on their respective share of the pooled total. Interest earned on investments is also allocated back and recorded directly to the individual funds on a monthly basis.

2. Receivables

Outstanding balances between funds are reported as "interfund receivables/payables." Any residual balances between governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

Trade and property tax receivables are shown net of an allowance for uncollectible accounts. The City accrues amounts for utility services provided in September, but not billed at September 30, 2015.

3. Inventories

Inventories of supplies are maintained at the City warehouse for use by all City funds and are accounted for by the consumption method. Cost is determined using a moving average method. No inventories exist in the governmental fund types.

4. Prepaid items

Certain costs applicable to future accounting periods are recorded as prepaid items. During the past few recent fiscal years the City prepaid certain contractual obligations to the Texas Municipal Power Agency (TMPA) relating to the cost of TMPA providing energy to the City. The benefit from the prepayment is being amortized over the benefit period of 15 years, of which 9.5 years is remaining.

5. Restricted assets

Certain proceeds of the City's governmental and proprietary fund revenue bonds, general obligation bonds, and certificates of obligation, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Assets collected from impact fees are limited by state statute in use and also shown as restricted on the balance sheet of the Water and Wastewater funds.

6. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the time received.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities and enterprise funds is included as part of the capitalized value of the assets constructed. For 2015, net interest capitalization of $2,543,807 was recorded for electric fund projects, $903,183 for water fund projects, $811,176 for wastewater fund projects, $95,375 for solid waste fund projects, and $91,702 for airport fund projects.

Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	40
Infrastructure	20 – 40
General improvements	10
Machinery and equipment	10 – 20
Furniture and office equipment	10
Computer equipment/software	3 – 10
Plant and equipment	5
Underground pipe	40
Water storage rights	50 – 100
Water recreation rights	50
Communication equipment	5
Vehicles	3 – 10

Renewals and betterments of property and equipment are capitalized, whereas normal repair and maintenance are charged to expense as incurred.

7. Compensated absences

The City allows full-time employees to accumulate unused vacation up to 320 hours (480 for Civil Service Fire employees.) Upon termination, any accumulated vacation time will be paid to an employee. Generally, sick leave is not paid upon termination except for civil service fire fighters and police officers. Firefighters and police officers accumulate unused sick leave up to a maximum of 1080 hours and 720 hours, respectively. All other employees are paid only upon illness while employed by the City. Accumulated vacation and sick leave is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements but have not been paid this amount at the end of the fiscal year. The General Fund and Other Governmental Funds are used to record any payout expenditures of the governmental funds' employees and related liability, while proprietary fund payouts for their employees are recorded as reductions to the liabilities in those funds.

8. Arbitrage

Arbitrage involves the investment of the proceeds from the sale of tax-exempt bonds in taxable instruments and securities authorized by the Public Funds Investment Act (Texas Government Code, Chapter 2256) that yield a higher rate, resulting in interest revenue in excess of interest costs. Federal tax code requires that these excess earnings be rebated to the federal government. The Capital Projects Fund has been used in prior years to liquidate governmental funds' related liability.

9. Pensions

For purposes of measuring the net pension liability, pension-related deferred outflows and inflows of resources, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and the Firemen's Relief and Retirement Fund (FRRF) and additions to/deductions from TMRS's and the FRRF's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and the FRRF. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gain/loss on refunding are reported as deferred outflow/inflow and recognized as a component of interest expense over the remaining life of the old debt or life of the new debt, whichever is shorter.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Fund equity

The City follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and in accordance with the statement, the classifications of governmental fund balances are presented as follows:

*Nonspendable fund balance*s – includes amounts not in a spendable form or are legally or contractually required to be maintained intact. Examples include inventory or endowments.

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, creditors, grantors, and contributors or through enabling legislation.

Committed fund balance – includes amounts that can be used only for the specific purposes determined by the City Council through an ordinance and may only be changed or lifted through another ordinance. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned fund balance - comprises amounts intended to be used for specific purposes. Intent can be expressed by the City Council, or per the policy adopted by an ordinance by the City Council, the City Manager or the City Manager's designee (assistant city manager) may also make an assignment. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed and, at a minimum, is intended for the purpose of that fund.

Unassigned fund balance – is the residual classification of the general fund and includes all amounts not constrained in the other classifications. Unassigned amounts are technically available for any purpose.

When multiple categories of fund balance are available for expenditure and approved for use by the City Council, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds. Normally this would result in the use of restricted, then committed, then assigned, and lastly, unassigned fund balance.

12. Minimum fund balance policy

It is the goal of the City to achieve and maintain an unassigned fund balance in the general fund equal to 20% of budgeted expenditures for unanticipated expenditures, unforeseen revenue fluctuations, or other adverse circumstances. The fund balance level, however, may be reduced to the equivalent of 15% of budgeted expenditures in unusual financial circumstances. However, if such a situation occurs, the City will implement necessary corrective action within a five-year plan to restore the unassigned fund balance to the equivalent of 20% of budgeted expenditures.

13. Net position

Net position represents the difference between assets, deferred inflows, deferred outflows, and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

14. Deferred outflows and inflows of resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position applying to a future period and will not be recognized as an outflow of resources, either expenses or expenditures, until that time. The City reports the following items qualifying for this category:

- Deferred charges on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.
- Deferred pension actuarial losses reported in the statement of net position – A deferred charge is recorded for the difference between actual experience and expected experience during the period between two actuarial valuations and is amortized over future periods.
- Deferred pension contributions reported in the statement of net position – A deferred charge is recorded for pension contribution amounts paid by the City after the current year's measurement date (December 2014) and will be fully recognized in the next period on the next measurement date (December 2015).

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position applying to a future period and will not be recognized as an inflow of resources, or revenues, until that time. The City has two types of items qualifying for reporting in this category:

- Deferred pension excess earnings reported in the statement of net position – A deferred charge is recorded for the difference between actual investment earnings and expected investment earnings during the period and is amortized over future periods.
- Deferred unavailable revenues reported on the balance sheet of the governmental funds – A deferred amount is recorded for the billed revenues not yet collected or available. These amounts are deferred and recognized as inflow of resources in the period the amounts become available.

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

F. Prior period adjustments

Two adjustments have been recorded to the beginning net position. The details of the adjustments are as follows:

	Net Position at September 30, 2014, as Previously Reported	Change in Reporting for Pension Obligations	Change in Accrual of Unpaid Compensated Absences	Net Position at September 30, 2014, as Restated
Government-Wide Information				
Governmental Activities	169,244,490	(40,786,474)	1,539,155	129,997,171
Business-Type Activities	551,250,426	(19,921,868)	-	531,328,558
Fund Level Information				
Electric	146,369,635	(8,206,728)	-	138,162,907
Water	188,307,469	(4,174,545)	-	184,132,924
Wastewater	170,789,022	(3,223,688)	-	167,565,334
Solid Waste	20,728,524	(4,034,719)	-	16,693,805
Airport	15,174,031	(282,188)	-	14,891,843
Materials Management	1,124,101	(538,586)	-	585,515
Fleet Services	3,536,716	(654,702)	-	2,882,014
Risk Retention	4,344,688	(361,944)	-	3,982,744
Technology Services	5,131,137	(1,628,232)	-	3,502,905
Engineering Services	482,179	(1,341,036)	-	(858,857)

One adjustment was an increase to the net position balance of $1,539,155 in the Government-wide for the Governmental Activities due to an adjustment of the over-accrual of unpaid compensated absences related to fire sick leave. The prior period adjustment is recovering the related public safety expenses and reducing the liability. The second adjustment was a decrease in fund-level net position for certain proprietary funds, governmental activities net position in the government-wide statement of activities, and business-type activities net position in the government-wide statement of activities due to the implementation of GASB Statement No. 68 *"Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27"* and Statement No. 71 *"Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68."* This resulted in a government-wide net decrease in net position of $60,708,342 due to recording the full pension obligation liability, a decrease in net position of $71,975,646, as well as the related deferred outflows for pension contributions, an increase in net position of $11,267,304. See footnote V.H. for additional GASB information.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

Another element of that reconciliation states, "Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which payments exceeded proceeds." The details of this ($16,996,017) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation debt	$(36,110,000)
Issuance of certificates of obligation	(7,420,000)
Principal repayments:	
General obligation debt principal retirement	7,061,784
Certificates of obligation principal retirement	4,805,000
Refunded debt principal	14,615,000
Lease obligations principal retirement	52,199
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$(16,996,017)

Another element of that reconciliation states, "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position." The details of this $4,186,092 difference are as follows:

Net effect of transactions involving asset retirements/disposals	$ (290,574)
Capital assets transferred to business-type activities as capital contributions	(629,320)
Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources	5,105,986
Net adjustment to increase net changes in fund balances - total governmental funds	$ 4,186,092

Another element of that reconciliation states, "Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the ($186,037) difference are as follows:

Compensated absences	$ (751,625)
Municipal pension obligation	(265,577)
Municipal pension deferred actuarial losses	1,712,205
Municipal pension deferred contributions	196,401
Municipal pension deferred excess earnings	(69,230)
Other post employment benefits	(588,176)
Accrued interest	(47,961)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 186,037

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

The City Council follows these procedures, as prescribed by City Charter, in establishing the budgets reflected in the financial statements:

1. Within the time period required by law, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted prior to the adoption of the budget in order to obtain taxpayer comments.
3. The annual budget adopted by the City Council covers the general fund, non-major special revenue funds (Recreation Fund, Police Confiscation Fund, Tourist and Convention Fund, Gas Well Revenues Fund, Street Improvement Fund, and the Citizens' Park Trusts), the debt service fund, the enterprise funds, and internal service funds. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year. The basic financial statements reflect the legal level of control, (i.e. the level at which expenditures cannot legally exceed the appropriated amount) which is established at the total fund level as approved by City Council.
4. The City Charter provides that the City Manager may transfer any part of the unencumbered appropriation balance or the entire balance thereof between programs or general classifications of expenditures within an office, department, agency or organizational unit. (The City Council defines an organizational unit as set forth in Article VIII, Section 8.07 of the City Charter, to be a fund that has been appropriated by the City Council.) City Council approval is not required up to the fund level. The Charter also provides that at any time during the year, at the request of the City Manager, City Council may by resolution transfer any part of the unencumbered appropriation balance or the entire balance thereof from one office, department, agency, or organizational unit to another, as well as make any increases in fund appropriations.

Budgets are adopted on a basis for the governmental funds and the budgeted special revenue funds that is generally consistent with generally accepted accounting principles. Budgets for enterprise funds are prepared on the full accrual basis, except certain noncash transactions such as depreciation expense and amortization on debt issuance costs where it is not budgeted, and debt service payments where it is budgeted. Also, during the budgetary process, amounts are included in all fund budgets to recognize administrative transfers between funds for goods or services. These amounts are not included in the reporting of actual activity for the funds. For funds reporting required budget-to-actual comparisons, these administrative transfers are included as adjustments – budgetary basis.

B. Deficit fund equity

The criminal justice fund had a deficit fund balance of ($73,857) at September 30, 2015. The deficit was a result of reimbursement timing and is anticipated to clear in fiscal year 2015-2016. The engineering services internal service fund had a deficit net position of ($408,902) due to the implementation of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27"* which resulted in a significant increase in the municipal pension obligation. See footnote V.H. for additional GASB information.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

In order to facilitate effective cash management practices, the operating cash of all funds is pooled into a common account for the purpose of increasing income through combined investment activities. At year-end, the City had $53,723,227 in cash and cash equivalents of which $1,935,243 is included in the agency funds and $15,129 in petty cash.

The Public Funds Investment Act (Texas Government Code) authorizes the City to invest in obligations of the U.S. Treasury, U.S. agencies, fully collateralized repurchase agreements, public fund investment pools, SEC-registered no-load money market mutual funds, investment-grade rated municipal securities of any state, fully collateralized or insured certificates of deposit, and commercial paper rated not less than A-1 or P-1 with a stated maturity of no more than 270 days. The City's investment policy may further restrict those

investment options. The investments reported on September 30, 2015 were similar to those held during the fiscal year.

The City reports all investments in the financial statements at fair value. At September 30, 2015, the City's investments carried a fair value of $451,319,728 and were as follows:

Investment Type	Fair Value	Average Maturity (Days)
U.S. Treasury Securities - Coupon	$ 22,097,839	323
U.S. Agency Securities - Coupon	233,125,024	389
U.S. Agency Securities - Callable	10,010,213	578
Commercial Paper	20,964,779	153
Municipal Bonds - Coupon	38,121,873	297
Certificates of Deposit - Insured and Collateralized	127,000,000	439
Total fair value of investments	$ 451,319,728	
Portfolio weighted average maturity		385

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values due to interest rate fluctuations by limiting the weighted average maturity of its investment portfolio to less than eighteen months.

Credit risk. The City's investment policy limits investments to obligations of the United States of America and its agencies, investment quality obligations of the State of Texas (including Texas municipalities) with a rating not less than AA, fully insured or collateralized Certificates of Deposits, and commercial paper that has a maturity of 270 days or less and a rating of A-1 or P-1. The City's investments in the bonds of U.S. agencies were rated AA+ by Standard & Poor's and AAA by Fitch Ratings. The City's investment in municipal bonds were rated AAA or AA+ by Standard & Poor's.

Custodial credit risk. This is the risk that in the event of a bank or counterparty failure, the City's deposits may not be returned. The policy states that all bank deposits of City funds shall be secured by pledged collateral with a market value equal to no less than 102 percent of the principal plus accrued interest less an amount insured by FDIC. As of September 30, 2015, the bank balance for deposits was $54,517,672 and was fully collateralized by the City's third party custodian, Wells Fargo.

Cash, cash equivalents and investments, at fair value are reported together on the financial statements. Investments, at fair value, by fund were as follows:

	General Fund	Debt Service	Capital Projects	Other Governmental Funds
Unrestricted investments	$ 23,871,644	$ 4,247,991	$127,719,489	$ 14,208,711
Change in fair value	27,062	4,816	144,787	16,108
Restricted investments	-	-	-	-
Change in fair value	-	-	-	-
Total	$ 23,898,706	$ 4,252,807	$127,864,276	$ 14,224,819

	Electric	Water	Wastewater	Solid Waste
Unrestricted investments	$ 52,874,347	$30,303,593	$ 23,735,935	$ 5,100,506
Change in fair value	59,940	34,353	26,908	5,782
Restricted investments	73,394,038	30,349,959	23,066,660	20,230,380
Change in fair value	83,202	34,406	26,149	22,934
Total	$126,411,527	$60,722,311	$ 46,855,652	$ 25,359,602

	Airport	Internal Service Funds	Total City Investments	Other Agency Funds	Total City and Agency Investments
Unrestricted investments	$ 3,657,108	$17,282,748	$303,002,072	$ 205,758	$303,207,830
Change in fair value	4,146	19,592	343,494	233	343,727
Restricted investments	559,808	-	147,600,845	-	147,600,845
Change in fair value	635	-	167,326	-	167,326
Total	$ 4,221,697	$17,302,340	$451,113,737	$ 205,991	$451,319,728

B. Property tax revenue

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on October 1st and are due and payable at that time; therefore, the legally enforceable claim arises on October 1st. A receivable is recorded at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year.

Property taxes at the fund level are recorded as receivables and revenue in the period they become available. Current-year revenues recognized are those Ad valorem taxes collected within the current period or soon enough thereafter to pay current liabilities, which is sixty days after year-end. All other outstanding receivables are adjusted from revenue and recognized as deferred inflows of resources for future collections. Current tax collections for the year ended September 30, 2015 were 99.39% of the tax levy. An allowance is provided for delinquent taxes not expected to be collected in the future.

At September 30, 2015, the City had a tax rate of $0.68975 per $100 valuation. Based upon the maximum Ad valorem tax of $2.50 per $100 valuation imposed by Texas Constitutional law, the City had a tax rate margin of $1.81025. Additional revenues up to $141,148,407 could be raised per year based on the current year's certified assessed value of $7,797,177,608 before the limit is reached.

On December 7, 2010, the City Council approved a Tax Increment Financing Reinvestment Zone (TIRZ #1) for the purpose of dedicating the increase in tax revenues generated within the TIRZ district for development in the downtown area of the City for a total of 30 years. The tax increment to be paid is 100% of the increment in years 1-5, 95% in years 6-10, 90% in years 11-20, and 85% in years 21-30. In fiscal year 2015, the total assessed value of $116,769,435 after supplemental adjustments for TIRZ #1 was an increase of $37,412,581

over the base fiscal year 2011 assessed value and resulted in $258,053 of property tax revenue recorded in the TIRZ Fund as part of All Other Special Revenue Funds.

On December 18, 2012, the City Council approved a Tax Increment Financing Reinvestment Zone (TIRZ #2) for the purpose of dedicating 40% of the increase in tax revenues generated within the TIRZ district for development in the Westpark Industrial District for a total of 25 years. In fiscal year 2015, the assessed value of $555,807 after supplemental adjustments was an increase of $436,349 over the base fiscal year 2014 assessed value and resulted in $1,204 of property tax revenue recorded in the TIRZ Fund as part of All Other Special Revenue Funds. Denton County participates in the zone and based on their tax rate and a participation contribution of 40% of the County's tax rate, $132 of property tax revenue was generated for Fiscal Year 2015.

The City created the Rayzor Ranch Public Improvement District No. 1 in 2014 for the undertaking and financing of public improvements authorized by Chapter 372 of the Texas Local Government Code. The project is located on the City's northern sector, east of Interstate 35, and encompasses approximately 229.693 contiguous acres. The estimated costs of the proposed public improvements total $40 million. The authorized improvement costs will be apportioned 100% to the District. The method of assessment will impose equal shares of the costs of the proposed public improvements on parcels that are similarly benefited. No City property will be assessed, and the City will not be obligated to pay any assessments.

C. Receivables

Receivables at September 30, 2015 for the City's individual major funds and other funds (non-major funds, internal service funds and fiduciary funds), including the applicable allowances for uncollectible accounts, are shown below.

	General	Debt Service	Capital Projects	Other Governmental Funds	Electric
Receivables:					
Taxes	$ 6,264,588	$ 406,371	$ -	$ -	$ -
Accounts	148,307	-	-	32,498	9,745,710
Accrued interest	93,227	16,590	498,788	55,489	493,122
Unbilled utility service	-	-	-	-	9,631,641
Other	7,231,300	-	-	476,555	480,860
Gross receivables	13,737,422	422,961	498,788	564,542	20,351,333
Less: Allowance for uncollectibles	(5,053,617)	(168,039)	-	(29,087)	(1,062,155)
Net total receivables	$ 8,683,805	$ 254,922	$ 498,788	$ 535,455	$ 19,289,178

	Water	Wastewater	Solid Waste	Airport	Internal Service Funds	Total
Receivables:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ 6,670,959
Accounts	2,499,658	1,641,057	1,469,728	30,794	1,246	15,568,998
Accrued interest	236,874	182,775	98,926	16,468	67,495	1,759,754
Unbilled utility service	2,509,573	1,576,294	1,498,635	-	-	15,216,143
Other	1,052	-	-	111,692	58,898	8,360,357
Gross receivables	5,247,157	3,400,126	3,067,289	158,954	127,639	47,576,211
Less: Allowance for uncollectibles	(272,430)	(178,853)	(160,181)	(3,986)	-	(6,928,348)
Net total receivables	$ 4,974,727	$ 3,221,273	$ 2,907,108	$ 154,968	$ 127,639	$ 40,647,863

D. Capital assets

Capital asset balances and transactions for the year ended September 30, 2015 are summarized below and on the following page.

Governmental activities:	Balance at October 1, 2014	Increases	Transfers and Decreases	Balance at September 30, 2015
Capital assets not being depreciated:				
Land	$ 15,764,824	$ 102,197	$ -	$ 15,867,021
Construction in progress	37,019,788	24,024,362	(11,183,111)	49,861,039
Total capital assets not being depreciated	52,784,612	24,126,559	(11,183,111)	65,728,060
Capital assets being depreciated:				
Buildings	60,796,431	-	-	60,796,431
Infrastructure	229,962,965	7,226,477	-	237,189,442
Machinery, equipment, and other improvements	81,443,277	11,953,700	(3,225,587)	90,171,390
Total capital assets being depreciated	372,202,673	19,180,177	(3,225,587)	388,157,263
Less accumulated depreciation for:				
Buildings	22,465,906	1,540,798	-	24,006,704
Infrastructure	137,740,521	7,683,790	-	145,424,311
Machinery, equipment, and other improvements	52,293,796	6,140,419	(2,534,607)	55,899,608
Total accumulated depreciation	212,500,223	15,365,007	(2,534,607)	225,330,623
Total capital assets, being depreciated, net	159,702,450	3,815,170	(690,980)	162,826,640
Governmental activities capital assets, net	$ 212,487,062	$ 27,941,729	$ (11,874,091)	$ 228,554,700

(continued)

Business-type activities:	Balance at October 1, 2014	Increases	Transfers and Decreases	Balance at September 30, 2015
Capital assets not being depreciated:				
Land	$ 22,287,452	$ 1,387,820	$ -	$ 23,675,272
Construction in progress	194,806,954	97,552,109	(78,977,233)	213,381,830
Total capital assets not being depreciated	217,094,406	98,939,929	(78,977,233)	237,057,102
Capital assets being depreciated:				
Buildings	15,760,578	3,222,363	273,827	19,256,768
Landfill improvements	23,635,426	395,487	-	24,030,913
Water rights	69,883,098	-	-	69,883,098
Infrastructure	393,351,259	53,535,954	234,593	447,121,806
Plant, machinery, equipment, and other improvements	308,718,560	27,541,281	(4,134,919)	332,124,922
Total capital assets being depreciated	811,348,921	84,695,085	(3,626,499)	892,417,507
Less accumulated depreciation for:				
Buildings	5,823,646	557,954	78,330	6,459,930
Landfill improvements	14,366,463	3,089,234	-	17,455,697
Water rights	17,658,524	695,989	-	18,354,513
Infrastructure	122,518,923	10,111,130	87,357	132,717,410
Plant, machinery, equipment, and other improvements	152,464,690	13,317,724	(3,877,443)	161,904,971
Total accumulated depreciation	312,832,246	27,772,031	(3,711,756)	336,892,521
Total capital assets, being depreciated, net	498,516,675	56,923,054	85,257	555,524,986
Business-type activities capital assets, net	$ 715,611,081	$ 155,862,983	$ (78,891,976)	$ 792,582,088

Transfers and decreases include $273,827 ($78,330 in related accumulated depreciation) from Water Infrastructure to Buildings and $564,555 transferred from Governmental Activities to Business-Type Infrastructure.

Depreciation expense was charged to activities of funds/functions/programs as follows:

Governmental activities:	
General government	$ 2,109,298
Public Safety	2,096,825
Public Works	7,313,606
Parks & Recreation	1,760,146
Capital assets held by the internal service funds are charged to the various functions based upon usage	2,085,132
Total depreciation expense - governmental activities	$ 15,365,007
Business-type activities:	
Electric	$ 8,595,585
Water	6,269,984
Wastewater	6,099,265
Solid Waste	6,197,190
Airport	610,007
Total depreciation expense - business-type activities	$ 27,772,031

Construction commitments:

The City has several major construction/capital projects planned or in progress as of September 30, 2015. These projects are evidenced by contractual commitments with contractors and include:

Project	Spent-to-Date	Remaining Commitment
Arco Substation Reconstruction	$ 7,417,423	$ 5,208,732
Fire Station #2 Expansion	2,855,992	3,147,012
Kings Row Substation Construction	8,029,087	2,865,404
Bonnie Brae Widening - Phase 1 Engineering	4,692,449	2,542,718
Pecan Creek Sewer Interceptor Phase 3	667,223	2,419,761
Denton North - Kings Row Transmission Line	5,040,431	2,103,646
North Lakes Substation Expansion	2,166,470	1,997,912
Paint Water Treatment Clearwell No. 3	576,876	1,879,360
Civic Center Pool Improvement	110,508	1,832,377
Lilian Miller Asphalt Street Reconstruction	89,411	1,580,128

E. Interfund receivables, payables and transfers

A summary of interfund receivables and payables (in thousands) at September 30, 2015, is as follows:

	Interfund Receivables:					
	Governmental Major Funds		Business-Type Major Funds			
Interfund Payables:	General Fund	Non-Major Governmental Funds	Electric	Water	Wastewater	Total
Non-Major Governmental Funds	$ -	$ 105	$ -	$ -	$ -	$ 105
Internal Service Funds	316	-	3,087	467	130	4,000
Total	$ 316	$ 105	$ 3,087	$ 467	$ 130	$ 4,105

The more significant interfund receivables and payables include the following:

Interfund receivables	Interfund payables	Amount
Electric fund	Internal service funds-materials management	$ 3,086,729
Water fund	Internal service funds-materials management	467,242
General fund	Internal service funds-materials management	316,069
Wastewater fund	Internal service funds-materials management	129,960

The outstanding balances between the Electric, Water, Wastewater, and General Fund and the Materials Management Fund are a result of the cash position in the Materials Management Fund due to inventory purchases.

Transfers between funds (in thousands) during the year were as follows:

	Transfers Out:								
	Governmental Major Funds		Business-Type Major Funds						
Transfers In:	General Fund	Non-Major Governmental Funds	Electric Fund	Water Fund	Wastewater Fund	Solid Waste	Airport Fund	Internal Service Funds	Total
Governmental Major Funds:									
Debt Service Fund	$ -	$ -	$ -	$ -	$ 383	$ -	$ -	$ -	$ 383
Capital Projects Fund	1,654	1,170	-	9	-	170	-	381	3,384
Non-Major Governmental Funds	156	25	390	87	82	-	50	-	790
Electric Fund	30	-	-	-	-	-	-	-	30
Water Fund	-	-	-	-	51	-	-	-	51
Wastewater Fund	-	-	-	28	-	235	-	-	263
Solid Waste Fund	-	-	-	-	471	-	-	-	471
Internal Service Funds	-	36	-	-	-	-	-	-	36
Total	$ 1,840	$ 1,231	$ 390	$ 124	$ 987	$ 405	$ 50	$ 381	$ 5,408

The more significant transfers include the following:

Transfers from fund	Transfers to fund	Amount
General Fund	Capital Projects	$1,653,571
Non-Major Gov't – Street Improvements	Capital Projects	596,646
Business-type Major Funds	Non-Major Gov't – Street Improvements	558,888
Wastewater	Solid Waste	470,751
Wastewater	Debt Service	382,800
Internal Service Funds	Capital Projects	381,072

Transfers from the General Fund, from the Non-Major Governmental fund – Street Improvements, and from the Internal Service Funds to the Capital Projects Fund were to fund capital projects and vehicle replacements. Transfers from the Business-type Major Funds (Electric, Water, and Wastewater) to the Non-Major Governmental fund – Street Improvements were for bond savings costs related to the issue of certificates of obligation rather than revenue bonds. The savings fund street maintenance operations in the Street Improvements Fund. Transfers from the Wastewater Fund to the Solid Waste Fund were related to the transfer of land. Transfers from the Wastewater Fund to the Debt Service Fund were for related drainage debt service payments.

F. Leases

Leases payable represent the remaining principal amounts payable under lease purchase agreements for the acquisition of equipment through the General Fund and Tech Services funds. These leases are recorded as capital leases. Remaining requirements, including interest, under these leases are as follows:

Year	Payments
2016	$ 861,780
2017	861,780
2018	456,564
Total minimum lease payments	$ 2,180,124
Less: amount representing interest	100,898
Present value of minimum future lease payments	$ 2,079,226

The following schedule provides an analysis of the City's investments in equipment under capital lease arrangements as of September 30, 2015:

Equipment	$ 12,068,786
Less: Accumulated Depreciation	(9,321,648)
Total	$ 2,747,138

G. Long-term debt

Long-term liabilities transactions for the year ended September 30, 2015 are summarized as follows below and on the following pages:

	Balance at October 1, 2014	Increases	Decreases	Balance at September 30, 2015	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 78,316,161	$ 36,110,000	$ 19,407,103	$ 95,019,058	$ 8,282,884
Certificates of obligation	41,570,000	7,420,000	7,400,000	41,590,000	5,260,000
Obligations under capital leases	1,102,864	1,793,040	816,678	2,079,226	807,310
Compensated absences payable	11,917,570	6,380,101	7,140,143	11,157,528	4,984,841
Claims payable	3,546,789	24,736,189	23,559,999	4,722,979	2,233,039
Municipal pension obligation	52,920,059	8,783,784	8,431,253	53,272,590	-
Other post employment benefits	3,067,335	1,090,445	424,045	3,733,735	-
Unamortized premium/(discounts)	3,593,057	3,214,914	768,118	6,039,853	904,061
Total governmental long-term liabilities	$ 196,033,835	$ 89,528,473	$ 67,947,339	$ 217,614,969	$ 22,472,135

	Balance at October 1, 2014	Increases	Decreases	Balance at September 30, 2015	Due Within One Year
Business-type Activities:					
Revenue bonds	$ 112,170,000	$ -	$ 48,830,000	$ 63,340,000	$ 10,210,000
General obligation bonds	79,188,839	35,475,000	6,077,897	108,585,942	7,242,116
Certificates of obligation	290,640,000	85,595,000	16,860,000	359,375,000	17,565,000
Compensated absences payable	2,517,392	2,300,806	2,040,329	2,777,869	2,307,204
Municipal pension obligation	26,455,128	4,510,486	4,127,543	26,838,071	-
Other post employment benefits	1,585,922	626,194	247,027	1,965,089	-
Landfill closure/post-closure	6,419,592	394,194	-	6,813,786	-
Unamortized premium/(discounts)	23,263,019	8,465,534	4,164,447	27,564,106	4,095,634
Total business-type activities	542,239,892	137,367,214	82,347,243	597,259,863	41,419,954
Total long-term liabilities	$ 738,273,727	$ 226,895,687	$ 150,294,582	$ 814,874,832	$ 63,892,089

[The beginning balances at October 1, 2014 include a prior period adjustment for municipal pension obligation of $48,248,986 in governmental activities and $23,726,660 in business-type activities. See footnotes I.F. and V.H. for more information.]

For Internal Service funds, long-term liabilities are included as part of the above totals for governmental activities. Compensated absences payables and municipal pension obligations balances and payments are based on the assignment of an employee within a fund. Other postemployment benefits are liquidated from the Health Insurance internal service fund, with the retiree subsidy amounts paid predominantly by the General Fund. Claims payable represents an estimate of self-insured claims liability outstanding in the Health Insurance and Risk Retention internal service funds.

General bonded debt - General bonded debt at September 30, 2015, is comprised of the following:

General Obligation Bonds and Certificates of Obligation Debt	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2015
General obligation	4.25 to 5.0	2006	2026	$ 3,695,000	$ 175,000
General obligation	4.0 to 5.0	2007	2026	15,925,000	1,445,000
General obligation refunding	4.0 to 5.25	2007	2022	26,025,000	17,580,000
General obligation	4.0 to 4.75	2008	2028	7,300,000	5,490,000
General obligation refunding	3.0 to 5.0	2009	2016	6,695,000	320,000
General obligation	3.8 to 4.3	2010	2030	4,115,000	3,420,000
General obligation refunding	2.0 to 4.75	2011	2031	2,225,000	1,930,000
General obligation refunding	2.0 to 5.0	2012	2032	14,358,739	12,616,678
General obligation refunding	2.0 to 4.0	2013	2033	10,221,023	9,722,380
General obligation refunding	2.0 to 3.5	2014	2034	7,165,000	6,210,000
General obligation refunding	3.0 to 5.0	2015	2035	36,110,000	36,110,000
Total general obligation bonds				133,834,762	95,019,058
Certificates of obligation	4.0 to 4.75	2006	2026	$ 6,509,950	$ 320,000
Certificates of obligation	4.5 to 5.0	2007	2027	8,855,000	3,525,000
Certificates of obligation	4.0 to 5.0	2007A	2028	7,065,000	5,310,000
Certificates of obligation	3.0 to 4.625	2008	2028	7,865,000	3,100,000
Certificates of obligation	2.0 to 5.0	2010	2030	2,790,000	890,000
Certificates of obligation	2.0 to 5.0	2011	2031	3,455,000	1,545,000
Certificates of obligation	2.0 to 5.0	2012	2032	4,490,000	2,435,000
Certificates of obligation	3.0 to 4.0	2013	2033	10,805,000	9,040,000
Certificates of obligation	2.0 to 5.0	2014	2039	8,635,000	8,005,000
Certificates of obligation	2.0 to 5.0	2015	2034	7,420,000	7,420,000
Total certificates of obligation				67,889,950	41,590,000
Total general bonded debt				$ 201,724,712	$ 136,609,058

[These amounts do not include net unamortized premiums/ (discounts) of $6,039,853 nor net deferred gain/ (loss) on refunding of ($2,037,157).]

Proceeds of general obligation bonded debt are restricted to the uses for which they were approved in the bond elections or, in the case of a refunding issuance, to the uses for which the certificates of obligation were originally issued. The City Charter expressly prohibits the use of bond proceeds to fund operating expenses. The general obligations are collateralized by the full faith and credit of the City and, primarily, payable from property taxes.

In prior years, the City defeased general obligation bonds and certificates of obligation by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased debt are not included in the City's financial statements. On September 30, 2015 $12,090,000 of general obligation bonds and $4,165,000 of certificates of obligation considered defeased are still outstanding.

In May 2015, the City issued $93,015,000 ($85,595,000 of which is included as part of business type activities) in certificates of obligation. The debt was issued to pay the costs of various capital improvements

in the Capital Projects Fund ($7,420,000), Electric ($65,715,000), Water ($2,750,000), Wastewater ($7,625,000), and Solid Waste ($9,505,000).

In May 2015, the City issued $37,640,000 ($1,530,000 of which is included as part of business-type activities) of general obligation refunding and improvement bonds. The refunding portion of the bonds' reacquisition price exceeded the net carrying amount of the old debt by $1,051,337 ($70,016 of which is reported as a loss in business-type activities'). This amount is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by $1,733,491 and resulted in a net present value savings of $1,503,710. The improvement portion of the bonds was issued to pay the costs of various capital improvements in the Capital Projects Fund for $21,820,000.

In August 2015, the City issued $33,945,000 (all of which is included as part of business-type activities) of general obligation refunding bonds. The reacquisition price exceeded the net carrying amount of the old debt by $1,233,160 all of which is reported in business-type activities. This amount is being amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by $7,813,090 and resulted in a net present value savings of $3,704,322. A portion of the bonds was issued to refinance a portion of the City's contractual obligations to the Texas Municipal Power Agency (the "TMPA") under a power sales contract for $2,955,000.

Business-type revenue bonds – Revenue bond debt at September 30, 2015, is comprised of the following issues:

Revenue Bonds	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2015
Utility system refunding	3.0 to 5.0	2005	2017	$ 53,845,000	$ 5,705,000
Utility system refunding	4.5 to 5.0	2006	2017	8,515,000	815,000
Utility system	4.0 to 4.25	2007	2027	16,740,000	11,785,000
Utility system refunding	4.0 to 4.25	2007	2030	41,795,000	33,690,000
Utility system	3.5 to 5.0	2008	2028	15,290,000	11,345,000
Total revenue bonds				$ 136,185,000	$ 63,340,000

[These amounts do not include net unamortized premiums/ (discounts) of $189,111 nor net deferred gain/ (loss) on refunding of ($1,025,850).]

The revenue bonds are collateralized by the revenue of the Denton utility system funds (System) and the various special funds established by the bond ordinance. The ordinance provides that the revenue of the System is to be used first to pay operating and maintenance expenses of the System and second to establish and maintain the revenue bond funds. Any remaining revenues may then be used for any lawful purpose. The ordinance also contains provisions, which among other items restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. Management believes the City is in compliance with all significant requirements. Assets in these accounts consist of cash and U.S. government securities. Following is a summary of the various net asset balances in the funds required by the bond ordinance to be restricted for debt service.

Interest and sinking fund	$12,388,398
Reserve fund	5,420,547
Total net assets restricted for debt service	$17,808,945

In prior years, the City defeased revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On September 30, 2015, $37,260,000 of revenue bonds considered defeased are still outstanding.

Business-type general obligation bonds and certificates of obligation – General obligation bonds and certificates of obligation issued for electric, water, wastewater, solid waste, and airport funds at September 30, 2015, is comprised of the following:

General Obligation Bonds and Certificates of Obligation Debt	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2015
General obligation refunding	4.0 to 5.25	2007	2022	$ 2,245,000	$ 2,350,000
General obligation refunding	3.0 to 5.0	2009	2016	830,000	90,000
General obligation refunding	3.0 to 5.0	2010	2022	35,815,000	22,735,000
General obligation refunding	2.0 to 4.75	2011	2031	8,620,000	3,165,000
General obligation refunding	2.0 to 5.0	2012	2032	19,231,261	17,458,322
General obligation refunding	2.0 to 4.0	2013	2033	513,977	492,620
General obligation refunding	3.0 to 5.0	2014A	2039	27,155,000	26,820,000
General obligation refunding	3.0 to 5.0	2015	2035	1,530,000	1,530,000
General obligation refunding	4.0 to 5.0	2015A	2026	33,945,000	33,945,000
Total general obligation bonds				129,885,238	108,585,942
Certificates of obligation	4.0 to 4.75	2006	2026	$ 6,155,050	$ 130,000
Certificates of obligation	4.5 to 5.0	2007	2027	2,590,000	965,000
Certificates of obligation	4.0 to 5.0	2008	2028	2,820,000	755,000
Certificates of obligation	2.0 to 5.0	2010	2030	58,295,000	45,160,000
Certificates of obligation	2.0 to 5.0	2010	2025	58,820,000	43,645,000
Certificates of obligation	2.0 to 5.0	2011	2031	28,645,000	22,150,000
Certificates of obligation	2.0 to 5.0	2012	2032	40,185,000	33,965,000
Certificates of obligation	3.0 to 4.0	2013	2033	52,715,000	48,130,000
Certificates of obligation	2.0 to 5.0	2014	2039	80,545,000	78,880,000
Certificates of obligation	2.0 to 5.0	2015	2034	85,595,000	85,595,000
Total certificates of obligation				416,365,050	359,375,000
Total business-type G.O./C.O. bonds				$ 546,250,288	$ 467,960,942

[These amounts do not include net unamortized premiums/ (discounts) of $27,374,995 nor net deferred gain/ (loss) on refunding of ($2,926,959.]

Schedule of long-term debt maturities

Aggregate maturities of the long-term debt (principal and interest) for the years subsequent to September 30, 2015 are shown below:

Governmental Activities:

	General Obligation		Certificates of Obligation		Capital Leases		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 8,282,884	$ 3,699,369	$ 5,260,000	$ 1,702,916	$ 807,310	$ 54,470	$ 14,350,194	$ 5,456,755
2017	8,341,338	3,390,601	4,715,000	1,460,720	826,566	35,214	13,882,904	4,886,535
2018	8,174,560	3,054,049	3,985,000	1,275,745	445,350	11,214	12,604,910	4,341,008
2019	7,793,269	2,699,788	3,175,000	1,115,470	-	-	10,968,269	3,815,258
2020	7,361,312	2,355,979	2,890,000	977,034	-	-	10,251,312	3,333,013
2021-2025	29,920,695	7,418,876	10,330,000	3,360,401	-	-	40,250,695	10,779,277
2026-2030	15,590,000	3,132,419	7,415,000	1,339,312	-	-	23,005,000	4,471,731
2031-2035	9,555,000	877,428	3,820,000	282,985	-	-	13,375,000	1,160,413
Total	$ 95,019,058	$ 26,628,509	$ 41,590,000	$ 11,514,583	$ 2,079,226	$ 100,898	$ 138,688,284	$ 38,243,990

Business-Type Activities:

	General Obligation		Certificates of Obligation		Revenue		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 7,242,116	$ 4,681,931	$ 17,565,000	$ 15,391,788	$ 10,210,000	$ 2,551,456	$ 35,017,116	$ 22,625,175
2017	12,263,662	4,404,094	17,535,000	14,096,764	4,735,000	2,185,150	34,533,662	20,686,008
2018	13,275,440	3,801,240	17,150,000	13,322,677	4,350,000	1,979,025	34,775,440	19,102,942
2019	15,751,730	3,107,676	17,305,000	12,522,902	4,550,000	1,795,844	37,606,730	17,426,422
2020	16,513,688	2,370,417	17,485,000	11,703,914	4,740,000	1,607,838	38,738,688	15,682,169
2021-2025	43,044,306	3,461,096	89,265,000	46,599,935	17,095,000	5,791,206	149,404,306	55,852,237
2026-2030	495,000	9,050	77,735,000	29,012,142	17,660,000	1,670,256	95,890,000	30,691,448
2031-2035	-	-	48,165,000	15,262,524	-	-	48,165,000	15,262,524
2036-2040	-	-	27,175,000	8,812,700	-	-	27,175,000	8,812,700
2041-2045	-	-	29,995,000	2,831,100	-	-	29,995,000	2,831,100
Total	$ 108,585,942	$ 21,835,504	$ 359,375,000	$ 169,556,446	$ 63,340,000	$ 17,580,775	$ 531,300,942	$ 208,972,725

[These amounts do not include net unamortized premiums/ (discounts) of $33,603,959 nor net deferred gain/ (loss) on refunding of ($5,989,966).]

Bonds authorized and unissued

General obligation bonds authorized but unissued as of September 30, 2015 amounted to $87,725,000. When issued, the proceeds will be allocated to the applicable street, public safety, drainage, and parks projects.

H. Landfill closure and post-closure cost

State and federal laws and regulations require the City to place a final cover on its Mayhill Road landfill site upon closure and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only upon anticipated closure, the City reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Based on a model created by a 2009 engineering study, total landfill closure and post-closure cost increased from $15,932,408 at September 30, 2014 to $16,314,785 at September 30, 2015. The $6,813,786 reported as landfill closure and post-closure care liability is a $394,194 increase from the $6,419,592 liability reported on September 30, 2014. This liability represents the cumulative amount incurred to date based on the use of 41.8% of the estimated capacity of the entire landfill at September 30, 2015.

Based on this estimate, the remaining potential estimated liability for closure and post-closure care of the entire landfill is $9,500,999. The City will recognize the remaining estimated cost of closure and post-closure care as the remaining capacity is filled. These amounts are based on what it would cost to perform closure and post-closure care in 2015. Actual cost may fluctuate due to inflation, changes in technology, or changes in regulations. The landfill has a remaining life of 34 years, and the City expects to close the landfill in fiscal year 2049.

The solid waste fund has provided for a reservation and designation of cash and investments of $6,927,921 at September 30, 2015, and anticipates increasing the reserve in future periods as the closure and post-closure activities are carried out.

V. OTHER INFORMATION

A. Pension plans

Texas Municipal Retirement Plan

Plan description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly-available comprehensive annual financial report (CAFR) obtainable at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the inception of the plan, the city granted monetary credits for service rendered before the plan began (or prior service credits) of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest (3% annual), prior to establishment of the plan. Monetary credits for service since the plan began (or current service credits) are a percent (200%) of the employee's accumulated contributions. In addition, the City grants on annually repeating basis, another type of monetary credit referred to as an updated service credit. This monetary credit is determined by hypothetically recomputing the member's account balance by assuming the current member deposit rate of the City (7%) has always been in effect. The computation also assumes the member's salary has always been the member's average salary – using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year, and increased by the city match currently in effect (200%). The resulting sum is then compared to the member's actual account balance increased by the actual city match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or Updated Service Credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the city-financed monetary credits with interest were used to purchase an annuity. The plan provisions also include an annually repeating basis cost of living adjustments for retires equal to 70% of the change in the consumer price index.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after five years.

Employees covered by benefit terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	470
Inactive employees entitled to but not yet receiving benefits	382
Active employees	1,156
Total	2,008

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the City Council. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 18.36% and 17.76% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were $13,514,646 and were equal to the required contributions.

Net pension liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees.

Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the net pension liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	$ 360,116,261	$ 294,819,596	$ 65,296,665
Changes for the year:			
Service cost	10,667,694	-	10,667,694
Interest	25,182,941	-	25,182,941
Change of benefit terms	-	-	-
Difference between expected and actual experience	(171,241)	-	(171,241)
Changes of assumptions	-	-	-
Contributions - employer	-	13,065,763	(13,065,763)
Contributions - employee	-	4,991,415	(4,991,415)
Net investment income	-	16,867,596	(16,867,596)
Benefit payments, including refunds of employee contributions	(11,387,617)	(11,387,617)	-
Administrative expense	-	(176,083)	176,083
Other changes	-	(14,477)	14,477
Net changes	24,291,777	23,346,597	945,180
Balance at 12/31/2014	$ 384,408,038	$ 318,166,193	$ 66,241,845

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City's net pension liability	$ 125,474,039	$ 66,241,845	$ 18,002,986

Pension plan fiduciary net position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at *www.tmrs.com*.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2015, the City recognized pension expense of $11,132,798. This amount is included as part of personal services expenses.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ 3,015,821	$ -
Contributions subsequent to the measurement date	9,839,888	-
Differences between expected and actual economic experience	-	(137,676)
Total	$ 12,855,709	$ (137,676)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $9,839,888 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2015 and the City's fiscal year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31st	
2015	$ 720,390
2016	720,390
2017	720,390
2018	720,391
2019	(3,416)
Total	$ 2,878,145

Pursuant to TMRS policy of conducting experience studies every four years, the TMRS Board at their July 31, 2015 meeting determined they would be changing certain actuarial assumptions including reducing the long-term expected rate of return from the current 7.00% to 6.75% and changing the inflation assumption from 3.0% to 2.5%. Reduction of expected investment return and related discount rate will increase projected pension liabilities. Reducing the inflation assumption reduces liabilities as future annuity levels and future costs of living adjustments are not projected to be as large as originally projected. The actual impact on the City's valuation for December 31, 2015 is not known.

Supplemental death benefit fund

The City of Denton contributes to a cost-sharing multiple-employer defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a separate trust administered by the TMRS Board of Trustees and is a voluntary program in which the City elected, by ordinance, to provide group term life insurance coverage to active and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1st of any year to be effective the following January 1st.

Payments from this fund are similar to group term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for

retirees is considered an "other postemployment benefit" (OPEB) and is a fixed amount of $7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of, or claim against, the TMRS Pension Trust Fund.

Contributions are made monthly based on the covered payroll of employee members of the City. The contractually required contribution rate is determined by an annual actuarial valuation and is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund described above. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of the plan is to assure adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net assets available for OPEB.

The City's contributions to the TMRS SDBF for the fiscal years ended September 30, 2013, 2014, and 2015, were $108,645, $118,782, and $133,686, respectively, which equaled the required contributions each year.

Denton Firemen's Relief and Retirement Plan

Plan description

The City contributes to the retirement plan for firefighters in the Denton Fire Department known as the Denton Firemen's Relief and Retirement Fund (the Fund). The Fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Denton Firemen's Relief and Retirement Fund. The City does not have access to nor can it utilize assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Denton Firemen's Relief and Retirement Fund at P.O. Box 2375, Denton, Texas 76202. See that report for all information about the plan fiduciary net position.

Benefits provided

Firefighters in the Denton Fire Department are covered by the Denton Firemen's Relief and Retirement Fund which provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 20 years of service. A partially-vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a partially vested benefit, he may retire starting on the date he would have both completed 20 years of service if he had remained a Denton firefighter and attained age 50. As of the December 31, 2013 actuarial valuation date, the plan effective January 1, 2011 provided a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 2.59% of Highest 36-Month Average Salary for each year of service.

A retiring firefighter who is at least age 52 with at least 22 years of service has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 36-Month Average Salary as if he had terminated employment on his selected RETRO DROP benefit calculation date, which is no earlier than the later of the date he meets the age 52 and 22 years of service requirements and the date four years prior to the date he actually retires. Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the Fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date he retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

Employees covered by benefit terms

In the December 31, 2013 actuarial valuation, the following numbers of members were covered by the Fund:

Inactive employees or beneficiaries currently receiving benefits	81
Inactive employees entitled to but not yet receiving benefits	2
Active employees	169
Total	252

Contributions

The contribution provisions of the Fund are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

The funding policy of the Denton Firemen's Relief and Retirement Fund requires contributions equal to 12.6% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The City currently contributes according to a City ordinance the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees each calendar year. The City contribution rate was 18.53% in calendar year 2014 and 17.94% in calendar year 2015. The December 31, 2013 actuarial valuation includes the assumption that the city contribution rate will average 17.0% over the UAAL amortization period. The costs of administering the plan are paid from the Fund assets. The City's contributions to the Fund for the year ended September 30, 2015 were $2,537,557.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. The board selects investments and employs investment managers with the advice of their investment consultant who is completely independent of the investment managers. For the calendar year ending December 31, 2014, the money-weighted rate of return on pension plan investments was 6.63%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying the contribution commitment by the firefighters and the assumed city contribution rate together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of payroll method.

Net pension liability

The City of Denton's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 and rolled forward to December 31, 2014.

Actuarial assumptions

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% per year
Overall payroll growth	3.25% per year, plus promotion, step and longevity increases that vary by service
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables for males and for females (sex distinct) projected to 2024 by scale AA.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.24%) and by adding expected inflation (3.25%). In addition, the final 7.00% assumption was selected by "rounding down" and thereby reflects a reduction of 0.49% for adverse deviation. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities		
Large Cap Domestic	40.0%	5.50%
Small/Mid Cap Domestic	10.0%	6.00%
International Developed	10.0%	6.00%
Alternatives		
Master Limited Partnerships	6.0%	7.50%
Real Estate	4.0%	3.50%
Fixed Income	25.0%	1.00%
Cash	5.0%	0.00%
Total	100.0%	

Discount rate

The discount rate used to measure the total pension liability was 7%. No projection of cash flows was used to determine the discount rate because the December 31, 2013 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 24 years. That UAAL was based on an actuarial value of assets that was $4.3 million less than the plan fiduciary net position as of December 31, 2013. Because of the 24-year amortization period of the UAAL with the lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

Changes in the net pension liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2014	$ 80,490,694	$ 66,412,172	$ 14,078,522
Changes for the year:			
Service cost	2,747,253	-	2,747,253
Interest	5,685,396	-	5,685,396
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	2,566,875	(2,566,875)
Contributions - employee	-	1,745,419	(1,745,419)
Net investment income	-	4,411,066	(4,411,066)
Benefit payments, including refunds of employee contributions	(4,036,009)	(4,036,009)	-
Administrative expense	-	(81,005)	81,005
Other changes	-	-	-
Net changes	4,396,640	4,606,346	(209,706)
Balance at 12/31/2014	$ 84,887,334	$ 71,018,518	$ 13,868,816

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City of Denton, calculated using the discount rate of 7%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
City's net pension liability	$ 24,601,369	$ 13,868,816	$ 4,825,492

Pension plan fiduciary net position

The plan fiduciary net position reported above is the same as reported by the Fund. Detailed information about the plan fiduciary net position is available in the Fund's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended September 30, 2015, the City recognized pension expense of $2,161,472. This amount is included as part of personal services expenses.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ 195,697	$ -
Contributions subsequent to the measurement date	1,846,981	-
Differences between expected and actual economic experience	-	-
Total	$ 2,042,678	$ -

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $1,846,981 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2015 and the City's fiscal year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31st	
2015	$ 48,924
2016	48,924
2017	48,924
2018	48,925
Total	$ 195,697

B. Post-employment benefits other than pensions (OPEB)

The cost of post-employment healthcare benefits, from an accrual accounting perspective, similar to the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. According to the requirements of GASB Statement No. 45 for the fiscal year ended September 30, 2015, the City recognizes the cost of post-employment healthcare in the year the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be amortized over 30 years, the first period commencing with the fiscal year ending September 30, 2008.

Plan description

The City provides post-employment medical care (OPEB) for retired employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents though the City's group health insurance plans, which covers both active and retired members. The benefits, benefit levels, and contribution rates are approved annually by the City management as part of the budget process. Any changes in rate subsidies for retirees are approved by the City Council. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Benefits provided

The City provides post-employment medical, dental, and vision care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under the Texas Municipal Retirement System or the Denton Firemen's Relief and Retirement Plan. Retirees must make a one-time irrevocable decision to choose benefits at the time of retirement, after that their eligibility for the benefits ceases.

All medical care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees.

Funding policy

The plan premium rates are determined annually by City management and approved by the City Council as part of the annual budget. The retiree's contribution is the full amount of the actuarially determined blended premium rate less a subsidy dependent upon years of service at retirement. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree health care costs are higher than active employee healthcare costs. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. The City contributes $20 per month for each five-year increment of service, up to $100 per month, toward the cost of retiree coverage. The full cost for dental and vision is paid by the retiree. Retirees are required to enroll in Medicare Part B once eligible (age 65) and are moved into a fully-insured Medicare Supplement plan at that time. The same City contribution level applies to the supplement.

The City's GASB Statement No. 45 liability was discussed at length with the Audit/Finance Committee and the City Council. At the conclusion of these discussions, the City Council concurred with the staff recommendation to fund the City's OPEB costs on a pay-as-you-go basis. This basis has been recommended since 1) this provides the lowest cost approach, 2) the ARC is relatively small in comparison to the City's overall budget, and 3) the pay-as-you-go cost is not forecast to exceed the ARC until approximately the year 2031. This approach will be reevaluated periodically.

Annual OPEB costs and Net OPEB obligation

The City's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the City (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The City's annual OPEB cost for the current year and the related information are as follows at September 30, 2015:

Annual required contribution	$ 1,821,243
Interest on prior year net OPEB obligation	209,397
Adjustment to annual required contribution	(314,001)
Annual OPEB cost	1,716,639
Contributions made	(671,072)
Increase in net OPEB obligation	1,045,567
Net OPEB obligation - beginning of year	4,653,257
Net OPEB obligation - end of year	$ 5,698,824
Percentage of OPEB costs contributed	39.1%

Funded status and funding progress

The funded status of the plan as of the actuarial measurement date of December 31, 2013 was as follows:

Actuarial accrued liability	$ 13,715,238
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	$ 13,715,238
Funded ratio	0.0%
Covered payroll	$ 79,692,115
Unfunded actuarial accrued liability as a percentage of covered payroll	17.2%

Three-Year Trend Information for OPEB Funding

Year ending	9/30/2015	9/30/2014	9/30/2013
Annual OPEB costs	$ 1,716,639	$ 1,735,204	$ 1,519,439
Actual contributions	$ 671,072	$ 909,288	$ 898,583
Percent contributed	39.1%	52.4%	59.1%
Net OPEB obligation	$ 5,698,824	$ 4,653,257	$ 3,827,341

The schedule of funding progress, presented as "Required Supplementary Information" (Exhibit XIII) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of benefits are based on the substantive plan (the plan understood by the employer and plan members) and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the City and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant method and assumptions used for this fiscal year valuation as shown on the following page were as follows:

Actuarial Assumptions

	12/31/13
Actuarial cost method	Projected unit credit
Amortization method	Level dollar, closed
Amortization period for ARC	24 years
Asset valuation method	N/A
Investment rate of return	4.5%, net of expenses
Includes inflation at	3.0%
Payroll growth	3.0%
Healthcare inflation rate	Initial rate of 7.25% declining to an ultimate rate of 4.5% after 11 years

Medical reimbursements

The federal government may provide the city subsidy per the Medicare Part D Prescription Drug Subsidy Program for providing healthcare for Medicare eligible employees. As the City does not participate in these subsidies, any current and future year subsidies are not recognized as a reduction to the actuarial accrued liability.

C. Deferred compensation plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. For the calendar 2015 year, the plan, available to all permanent City employees, permitted them to defer, until future years, up to $18,000. Employees who are age 50 or older may contribute an amount not to exceed $24,000. Employees who are within three years of retirement eligibility may elect to participate in a catch-up provision allowed by Section 457, which has an annual maximum contribution amount of $36,000. The withdrawal of deferred compensation funds is only available to employees by loan, termination, until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are, until paid or made available to the employee or other beneficiary, solely the property and rights of the employees. Accordingly, the assets and associated liability of the plan are not included in the City’s financial statements.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan.

D. Self-insurance plan

The City has established a self-insurance plan for liability and workers' compensation claims in the Risk Retention Fund. Accrued claims payable include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid for each claimant. The provision for claims incurred but not yet reported is estimated based on actuarial studies.

It is the policy of the City of Denton not to purchase commercial insurance for workers' compensation claims or general liability. Commercial liability insurance coverage is purchased for airport operations, emergency medical services, take-home vehicles, and employee theft and dishonesty. Additionally, excess insurance is purchased for general liability, auto liability, public officials, and workers' compensation exposures. The City reports liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

In January 2008, the City started a self-insured group employee health insurance plan. Claims are paid from the Health Insurance Fund, which has an annually negotiated stop loss provision.

The City's costs associated with the self-insurance plans are interfund transactions. Accordingly, they are treated as operating revenues of the Internal Service Risk Retention Fund and Health Insurance Fund and operating expenditures (expenses) of the other funds and employee payroll deductions.

Claims liabilities are re-evaluated periodically to take into consideration settlement of claims, new claims and other factors. As of September 30, 2015 the estimated value of these liabilities was $4,722,979. Changes in balances of claims liabilities during fiscal years 2015 and 2014 were as follows:

	Claims Liability Beginning of Fiscal Year	Claims and Change in Estimates	Claims Payments	Claims Liability End of Fiscal Year
Workers' Compensation				
2015	$ 1,957,880	$ 884,664	$ 423,560	$ 2,418,984
2014	1,604,394	869,473	515,987	1,957,880
General Liability				
2015	$ 523,200	$ 279,965	$ 279,371	$ 523,794
2014	542,038	276,056	294,894	523,200
Health Insurance				
2015	$ 1,065,709	$ 23,571,560	$ 22,857,068	$ 1,780,201
2014	1,532,679	17,516,173	17,983,143	1,065,709

On September 30, 2015, the City of Denton held additional amounts in unrestricted net assets of $3,441,408 in the Risk Retention Fund and $4,125,020 in the Health Insurance Fund for payment of claims. There were no significant reductions in insurance coverage from coverage in the prior year, and the amount of settlements did not exceed insurance coverage in the current year or in any of the past three fiscal years.

E. Commitments and contingencies

Agreement with TMPA

In 1976, the City, along with the cities of Bryan, Greenville, and Garland, Texas (the Cities) entered into a Power Sales Contract with the Texas Municipal Power Agency (TMPA). TMPA was created through concurrent ordinances of the Cities and is governed by a Board of Directors consisting of eight members, two appointed by the governing body of each city. Under the terms of the agreement, TMPA agreed to construct or acquire electric generating plants to supply energy and power to the Cities for a period of not less than 35 years. The Cities in turn agreed to purchase all future power and energy requirements in excess of the amounts generated by their systems from TMPA at prices intended to cover operating costs and retirement of debt. In the event that revenues are insufficient to cover all costs and retire the outstanding debt, each of the cities has guaranteed a portion of the unpaid debt based, generally, upon its pro rata share of the energy delivered to consumers in the prior operating year.

TMPA, a municipal corporation, is governed by a Board of Directors consisting of eight members. The governing body of each of the four Cities appoints two members to the Board. An affirmative vote of five Directors, plus a weighted majority vote based on the respective energy usage of the Cities, is required for major decisions.

The City pays TMPA a pro-rated monthly charge based on the City's contractual portion of TMPA's annual fixed operating costs and debt service payments, which is currently 21.3%.

As of September 30, 2015, total TMPA long-term debt outstanding was approximately $580,191,000. The City's portion of this debt due to contractual obligations with TMPA is $69,473,526 over the next three years ($51,543,726 of principal and $17,929,800 in related interest payments). In December 2009, the City and the other Member Cities entered into a Global Compromise Settlement Agreement. As part of the settlement, the Member Cities agreed to issue debt to provide for TMPA's scrubber refurbishment project and to refinance TMPA's 2003, 2004, and 2004A Subordinate Lien Bonds. In August 2015, the City paid $13,417,133 ($3,417,133 in General Obligation Refunding Bond proceeds and $10,000,000 in cash from existing funds) to TMPA to refinance the City's current year share of the eligible portion of the TMPA Series 1993 Capital Appreciation Bonds (CABS). In the opinion of management, the possibility of a material payment in the near future under this agreement is remote in that TMPA is generating operating profits, and assets exceed liabilities.

TMPA operates a 462-megawatt, coal-fired generating plant. In 1996, TMPA switched to an external source of coal to reduce costs. Should TMPA be dissolved, each city would be entitled to an undivided interest in the property.

Selected financial statement information of TMPA is as follows:

	September 30 (Unaudited)	
	2015	2014
	(000s)	(000s)
Operating revenues	$274,578	$ 271,281
Operating expenses	132,171	143,548
Operating income	142,407	127,733
Other non-operating sources (uses)	1,615	332
Current unrestricted assets	59,547	63,658
Total assets	835,699	960,066
Long-term debt – Noncurrent	497,649	618,536
Total liabilities	801,623	919,123
Total net position	34,076	40,943

Financial statements for TMPA are available from the TMPA website www.texasmpa.org.

Agreement with the City of Dallas

During 1985, the City entered into an agreement with the City of Dallas that provided for the purchase of a minimum of 500,000 gallons/day of untreated water from the City of Dallas from Lake Lewisville. This contract was effective for 30 years and expired in the current fiscal year. The cost of water purchased under this agreement during fiscal year 2015 was $68,198.

F. Litigation

Various claims and lawsuits are pending against the City. In accordance with GAAP, those judgments considered "probable" are accrued, while those claims and judgments considered "reasonably possible" are disclosed but not accrued. In the opinion of City management and legal counsel, the maximum amount of all significant claims considered reasonably possible, excluding condemnation proceedings and the item described following, is approximately $500,000 as of September 30, 2015. Potential losses after insurance coverage on all probable claims and lawsuits, excluding the item following, will not have a material effect on the City's financial position as of September 30, 2015.

G. Subsequent events

The City has evaluated all events or transactions that occurred after September 30, 2015 up through February 26, 2015, the date the financial statements were issued. There were no significant subsequent events to disclose.

H. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following statements which became effective for the fiscal year 2015.

Statement No. 68 "*Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*" – This statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The primary objective of this statement is to improve accounting and financial reporting by state and local governments as well as to provide information about pensions that are provided by other entities. This statement changes the focus of pension accounting from whether the employer is responsibly funding the pension plan to reporting a liability in the financial statements for any unfunded portion of pension benefits earned to-date. This statement establishes standards for measuring and recognizing this liability as well as related deferred outflows of resources, deferred inflows of resources, and expenses/expenditures.

The implementation of Statement No. 68 resulted in the restatement of the beginning net position of the governmental activities and the business-type activities in the government-wide financial statements and the beginning net position of the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds and Internal Service Funds. The restatement included the elimination of the previously reported net pension obligation liability, the recording of the beginning net pension liability, and the beginning deferred outflow for pension contributions made after the measurement date. The total adjustment of $60,708,342 is shown in more detail in footnote I.F. on prior period adjustments.

The following statements for the GASB are effective for future fiscal years ending as listed below. The City is in the process of reviewing and evaluating these statements and their potential impact on the City's financial statements.

Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" (OPEB) – This Statement replaces the requirements of Statements No. 45 and No. 57 related to OPEB. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions, OPEB. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information. This statement changes the focus of OPEB accounting from whether the employer is responsibly funding the OPEB benefits to reporting a liability in the financial statements for any unfunded portion of benefits earned to-date, and it will become effective for the City in fiscal year 2017.

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CITY OF DENTON, TEXAS **Exhibit XII**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR (PREVIOUS YEARS ARE NOT AVAILABLE)

	Measurement Year 2014
Total pension liability:	
Service Cost	$ 10,667,694
Interest (on the total pension liability)	25,182,941
Changes of benefit terms	-
Difference between expected and actual experience	(171,241)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(11,387,617)
Net change in total pension liability	24,291,777
Total pension liability - beginning	360,116,261
Total pension liability - ending (a)	$ 384,408,038
Plan fiduciary net position:	
Contributions - employer	$ 13,065,763
Contributions - employee	4,991,415
Net investment income	16,867,596
Benefit payments, including refunds of employee contributions	(11,387,617)
Administrative expense	(176,083)
Other	(14,477)
Net change in plan fiduciary net position	23,346,597
Plan fiduciary net position - beginning	294,819,596
Plan fiduciary net position - ending (b)	$ 318,166,193
Net pension liability - ending (a) - (b)	$ 66,241,845
Plan fiduciary net position as a percentage of total pension liability	82.77%
Covered employee payroll	$ 71,025,494
Net pension liability as a percentage of covered employee payroll	93.26%

CITY OF DENTON, TEXAS **Exhibit XIII**
REQUIRED SUPPLEMENTARY INFORMATION
DENTON FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR (PREVIOUS YEARS ARE NOT AVAILABLE)

	Measurement Year 2014
Total pension liability:	
Service Cost	$ 2,747,253
Interest (on the total pension liability)	5,685,396
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(4,036,009)
Net change in total pension liability	4,396,640
Total pension liability - beginning	80,490,694
Total pension liability - ending (a)	$ 84,887,334
Plan fiduciary net position:	
Contributions - employer	$ 2,566,875
Contributions - employee	1,745,419
Net investment income	4,411,066
Benefit payments, including refunds of employee contributions	(4,036,009)
Administrative expense	(81,005)
Other	-
Net change in plan fiduciary net position	4,606,346
Plan fiduciary net position - beginning	66,412,172
Plan fiduciary net position - ending (b)	$ 71,018,518
Net pension liability - ending (a) - (b)	$ 13,868,816
Plan fiduciary net position as a percentage of total pension liability	83.66%
Covered employee payroll	$ 14,238,486
Net pension liability as a percentage of covered employee payroll	97.40%

CITY OF DENTON, TEXAS **Exhibit XIV**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	(a) Actuarially Determined Contributions	(b) Contributions in Relation to the Actuarially Determined Contributions	(c) Contribution Excess (Deficiency) (b) - (a)	(d) Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll (b)/(d)
2006	5,809,132	5,809,132	-	47,733,949	12.17%
2007	6,267,597	6,267,597	-	49,917,026	12.56%
2008	7,082,769	7,082,769	-	53,908,360	13.14%
2009	9,709,279	7,952,938	(1,756,341)	57,250,108	13.89%
2010	11,194,086	8,849,577	(2,344,509)	59,457,345	14.88%
2011	11,580,085	9,579,358	(2,000,727)	58,139,688	16.48%
2012	11,475,702	10,435,001	(1,040,701)	60,340,212	17.29%
2013	12,174,640	12,171,482	(3,158)	64,940,234	18.74%
2014	12,912,746	12,911,461	(1,285)	69,872,024	18.48%
2015	13,507,272	13,507,272	-	75,379,632	17.92%

Notes to Schedule:
Actuarial determined contribution rates are calculated as of December 31st and become effective in January, 12 months and a day later. Contributions above do not include contributions into the supplemental death benefit fund.

Methods and assumptions used to determine contribution rate for 2015:

Actuarial Cost Method	**Entry Age Normal**
Amortization Method	**Level Percentage of Payroll, Closed**
Remaining Amortization Period	**20 Years**
Asset Valuation Method	**10 Year Smoothed Market; 15% Soft Corridor**
Inflation	**3.00%**
Salary Increases	**3.50% to 12.00% including inflation**
Investment Rate of Return	**7.00%**
Retirement Age	**Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009.**
Mortality	**RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.**

CITY OF DENTON, TEXAS **Exhibit XV**
REQUIRED SUPPLEMENTARY INFORMATION
FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	(a) Annual Required Contributions	(b) Contributions in Relation to the Annual Required Contributions	(c) Contribution Excess (Deficiency) (b) - (a)	(d) Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll (b)/(d)
2006	942,237	942,237	-	9,422,370	10.00%
2007	1,193,993	1,193,993	-	10,854,477	11.00%
2008	1,426,906	1,426,906	-	11,890,880	12.00%
2009	1,747,908	1,747,908	-	12,485,061	14.00%
2010	1,976,419	1,976,419	-	13,070,041	15.12%
2011	2,141,662	2,141,662	-	12,828,446	16.69%
2012	2,253,667	2,253,667	-	12,899,800	17.47%
2013	2,579,453	2,579,453	-	13,629,825	18.93%
2014	2,576,652	2,576,652	-	13,828,070	18.63%
2015	2,535,719	2,535,719	-	14,029,051	18.07%

Notes to Schedule:
Annual required contributions are not actuarially determined. According to a City ordinance, since January 2010 the City contributes to the Firemen's Relief and Retirement Fund at the same percentage of payroll that the City contributes to the Texas Municipal Retirement System for other employees. The rates are calculated as of December 31st and become effective in January, 12 months and a day later.

While the contribution requirements are not actuarially determined, state law requires an actuary certify the assumed City contribution rate is adequate. Methods and assumptions used to contribution adequacy for 2015:

Actuarial Cost Method	**Entry Age**
Amortization Method	**Level Percentage of Payroll, Open**
Remaining Amortization Period	**24 Years**
Asset Valuation Method	**5-year adjusted market value**
Inflation	**3.25%**
Salary Increases	**3.25% general increase, 1.98% for promotion, step, and longevity over 30-year career**
Investment Rate of Return	**7.00%**
Retirement Age	**Average expected age at retirement of 57**
Mortality	**RP-2000 Combined Healthy Mortality Tables projected to 2024 by scale AA**

CITY OF DENTON, TEXAS **Exhibit XVI**
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POST EMPLOYMENT BENEFITS
FUNDING PROGRESS AND CONTRIBUTIONS
LAST THREE VALUATION YEARS (Unaudited)

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Percent
2010	10/1/2009	-	$ 10,944,544	$ (10,944,544)	0%
2012	10/1/2011	-	12,565,747	(12,565,747)	0
2014	10/1/2013	-	13,715,238	(13,715,238)	0

Fiscal Year	Covered Payroll	UAAL as Percent of Covered Payroll	Annual Required Contributions	Actual Contributions	Percent Contributed
2010	$ 74,045,518	14.8	$ 1,314,901	$ 370,759	28%
2012	71,315,386	17.6	1,582,219	1,481,210	94
2014	79,692,115	17.2	1,821,243	909,288	50

CITY
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CITY OF DENTON, TEXAS **Exhibit XVII**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 16,187,108	$ 16,187,108	$ 16,223,099	$ -	$ 16,223,099	$ 35,991
Investment revenue	50,000	50,000	87,941	-	87,941	37,941
Total revenues	16,237,108	16,237,108	16,311,040	-	16,311,040	73,932
EXPENDITURES:						
Debt service:						
Principal, interest and fiscal charges	52,579,539	54,014,287	16,508,014	37,394,378	53,902,392	111,895
Advance refunding escrow	-	-	120,519	(120,519)	-	-
Bond issuance costs	-	-	62,675	(62,675)	-	-
Total expenditures	52,579,539	54,014,287	16,691,208	37,211,184	53,902,392	111,895
Excess (deficiency) of revenues over (under) expenditures	(36,342,431)	(37,777,179)	(380,168)	(37,211,184)	(37,591,352)	185,827
OTHER FINANCING SOURCES (USES):						
Refunding bonds issued	-	-	14,290,000	(14,290,000)	-	-
Payment to refunded bond escrow agent	-	-	(15,604,758)	15,604,758	-	-
Premium on debt issuance	-	-	1,377,165	(1,377,165)	-	-
Transfers in	36,342,611	36,342,611	382,800	37,394,378	37,777,178	1,434,567
Total other financing sources (uses)	36,342,611	36,342,611	445,207	37,331,971	37,777,178	1,434,567
Net change in fund balance	180	(1,434,568)	65,039	120,787	185,826	1,620,394
Fund balance at beginning of year	4,726,841	4,726,841	4,726,841	-	4,726,841	-
Fund balance at end of year	$ 4,727,021	$ 3,292,273	$ 4,791,880	$ 120,787	$ 4,912,667	$ 1,620,394

Adjustments - Budgetary Basis are pass-through debt service payments budgeted as transfers in from enterprise and internal service funds.
Other Financing Sources (Uses) related to refunding are adjusted out as they are non-budgeted items reducing future debt service payments.

CITY
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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Development Block Grant (CDBG) – to account for the operations of projects utilizing Community Development Block Grant Funds. Such revenues are restricted to expenditures for specified projects by the Department of Housing and Urban Development.

Recreation – to account for the revenues and expenditures for the recreation programs that are self-supporting. All expenditures will be reimbursed 100%. Various business operations, such as concessions, fall into this account.

Criminal Justice – to account for revenue received from the State of Texas Criminal Justice Division and other grants administered by the police department.

Police Confiscation – to account for revenues received from confiscated goods. Expenditures are restricted to enhancing law enforcement.

Tourist and Convention – to account for taxes received from hotel and motel occupancy for the purpose of promoting tourism.

Street Improvement – to account for street maintenance and improvement activities.

Gas Well Revenues – to account for the receipt of royalty, pooling, tax, and lease revenue related to gas wells.

Citizens' Park Trusts – to account for several small trust funds that are for park development.

All Other – to account for miscellaneous special revenue sources that are required to finance specific activities.

CITY OF DENTON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2015

	Special Revenue Funds			
	Community Development Block Grant	Recreation	Criminal Justice	Police Confiscation
ASSETS				
Cash, cash equivalents and investments, at fair value	$ -	$ 563,217	$ -	$ 421,879
Receivables (net of allowances):				
Accrued interest	-	1,962	-	1,471
Other	-	3,411	-	-
Interfund receivables	-	105,434	-	-
Due from other governments	152,209	-	79,339	-
Total assets	$ 152,209	$ 674,024	$ 79,339	$ 423,350
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 92,259	$ 156,614	$ 10,787	$ -
Interfund payables	42,364	-	63,070	-
Unearned revenues	-	-	-	-
Total liabilities	134,623	156,614	73,857	-
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - intergovernmental	-	3,941	79,339	-
Total deferred inflows of revenues	-	3,941	79,339	-
FUND BALANCES (DEFICIT):				
Restricted for:				
Parks and recreation	-	-	-	-
Other grants and purposes	17,586	-	-	423,350
Committed to:				
Streets	-	-	-	-
Parks and recreation	-	513,469	-	-
Other purposes	-	-	-	-
Assigned to:				
Other purposes	-	-	-	-
Unassigned	-	-	(73,857)	-
Total fund balance (deficit)	17,586	513,469	(73,857)	423,350
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 152,209	$ 674,024	$ 79,339	$ 423,350

Exhibit XVIII

Special Revenue Funds (continued)					Total
Tourist and Convention	Street Improvement	Gas Well Revenues	Citizens' Park Trusts	All Other	Nonmajor Governmental Funds
$ 1,681,878	$ 2,119,848	$ 133,461	$ 5,411,124	$ 5,586,571	$ 15,917,978
	-				
5,863	7,390	465	18,864	19,474	55,489
177,837	-	21,307	-	277,411	479,966
-	-	-	-	-	105,434
-	-	-	-	441,674	673,222
$ 1,865,578	$ 2,127,238	$ 155,233	$ 5,429,988	$ 6,325,130	$ 17,232,089
$ 19,593	$ 739,015	$ -	$ 11,559	$ 776,846	$ 1,806,673
-	-	-	-	-	105,434
-	-	-	-	53,541	53,541
19,593	739,015	-	11,559	830,387	1,965,648
-	-	-	-	68,563	151,843
-	-	-	-	68,563	151,843
-	-	155,218	5,418,429	14,613	5,588,260
1,845,985	-	-	-	931,545	3,218,466
-	1,388,223	-	-	-	1,388,223
-	-	15	-	-	513,484
-	-	-	-	4,430,392	4,430,392
-	-	-	-	49,630	49,630
-	-	-	-	-	(73,857)
1,845,985	1,388,223	155,233	5,418,429	5,426,180	15,114,598
$ 1,865,578	$ 2,127,238	$ 155,233	$ 5,429,988	$ 6,325,130	$ 17,232,089

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds			
	Community Development Block Grant	Recreation	Criminal Justice	Police Confiscation
REVENUES:				
Tax revenue	$ -	$ -	$ -	$ -
Franchise fees	-	-	-	-
Fines and forfeitures	-	-	-	388,846
Fees for services	-	1,951,747	-	-
Investment revenue	-	4,692	-	1,798
Intergovernmental	1,886,388	-	528,020	-
Miscellaneous	90,498	220	-	13,207
Total revenues	1,976,886	1,956,659	528,020	403,851
EXPENDITURES:				
General government	1,836,721	-	-	-
Public safety	-	-	373,392	112,849
Public works	-	-	-	-
Parks and recreation	-	1,720,605	-	-
Capital outlay	-	91,432	130,867	56,467
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	1,836,721	1,812,037	504,259	169,316
Excess (deficiency) of revenues over (under) expenditures	140,165	144,622	23,761	234,535
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	46,466	-
Transfers out	(138,409)	(204,567)	-	-
Total other financing sources (uses)	(138,409)	(204,567)	46,466	-
Net change in fund balances	1,756	(59,945)	70,227	234,535
Fund balance (deficit) at beginning of year	15,830	573,414	(144,084)	188,815
Fund balance (deficit) at end of year	$ 17,586	$ 513,469	$ (73,857)	$ 423,350

Exhibit XIX

Special Revenue Funds (continued)					Total
Tourist and Convention	Street Improvement	Gas Well Revenues	Citizens' Park Trusts	All Other	Nonmajor Governmental Funds
$ 2,156,294	$ -	$ -	$ -	$ 359,390	$ 2,515,684
-	9,026,403	-	-	-	9,026,403
-	-	-	-	2,394,652	2,783,498
-	372,051	172,267	418,756	437,218	3,352,039
10,906	6,562	1,340	33,146	19,087	77,531
-	-	-	-	831,013	3,245,421
1,051	4,632	-	-	612,486	722,094
2,168,251	9,409,648	173,607	451,902	4,653,846	21,722,670
1,823,268	-	-	-	592,446	4,252,435
-	-	-	-	2,532,649	3,018,890
-	8,806,503	-	-	-	8,806,503
-	-	-	14,019	297,986	2,032,610
-	-	-	324,612	289,192	892,570
-	52,199	-	-	-	52,199
-	6,298	-	-	-	6,298
1,823,268	8,865,000	-	338,631	3,712,273	19,061,505
344,983	544,648	173,607	113,271	941,573	2,661,165
-	558,888	-	-	185,059	790,413
(2,500)	(631,926)	(200,000)	-	(54,096)	(1,231,498)
(2,500)	(73,038)	(200,000)	-	130,963	(441,085)
342,483	471,610	(26,393)	113,271	1,072,536	2,220,080
1,503,502	916,613	181,626	5,305,158	4,353,644	12,894,518
$ 1,845,985	$ 1,388,223	$ 155,233	$ 5,418,429	$ 5,426,180	$ 15,114,598

CITY OF DENTON, TEXAS **Exhibit XX**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: RECREATION FUND
FOR YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for services	$ 2,049,602	$ 2,049,602	$ 1,951,747	$ -	$ 1,951,747	$ (97,855)
Investment revenue	15,000	15,000	4,692	-	4,692	(10,308)
Miscellaneous	-	-	220	-	220	220
Total revenues	2,064,602	2,064,602	1,956,659	-	1,956,659	(107,943)
EXPENDITURES:						
Parks and recreation	2,143,015	2,123,448	1,720,605	(124,069)	1,596,536	526,912
Capital outlay	-	-	91,432	-	91,432	(91,432)
Total expenditures	2,143,015	2,123,448	1,812,037	(124,069)	1,687,968	435,480
Excess (deficiency) of revenues over (under) expenditures	(78,413)	(58,846)	144,622	124,069	268,691	327,537
OTHER FINANCING USES:						
SOURCES (USES):						
Transfers out	(124,069)	(143,636)	(204,567)	(124,069)	(328,636)	(185,000)
Total other financing uses	(124,069)	(143,636)	(204,567)	(124,069)	(328,636)	(185,000)
Net change in fund balance	(202,482)	(202,482)	(59,945)	-	(59,945)	142,537
Fund balance at beginning of year	573,414	573,414	573,414	-	573,414	-
Fund balance at end of year	$ 370,932	$ 370,932	$ 513,469	$ -	$ 513,469	$ 142,537

Adjustments - Budgetary Basis are expenditures allocated from and reimbursed to other funds. These expenditures are recorded as operating expenditures but budgeted as cost of service transfers.

CITY OF DENTON, TEXAS **Exhibit XXI**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: POLICE CONFISCATION FUND
FOR YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fines and forfeitures	$ 200,000	$ 200,000	$ 388,846	$ -	$ 388,846	$ 188,846
Investment revenue	1,200	1,200	1,798	-	1,798	598
Miscellaneous	3,000	3,000	13,207	-	13,207	10,207
Total revenues	204,200	204,200	403,851	-	403,851	199,651
EXPENDITURES:						
Public safety	148,500	148,500	112,849	-	112,849	35,651
Capital outlay	50,000	50,000	56,467	-	56,467	(6,467)
Total expenditures	198,500	198,500	169,316	-	169,316	29,184
Net change in fund balance	5,700	5,700	234,535	-	234,535	228,835
Fund balance at beginning of year	188,815	188,815	188,815	-	188,815	-
Fund balance at end of year	$ 194,515	$ 194,515	$ 423,350	$ -	$ 423,350	$ 228,835

CITY OF DENTON, TEXAS **Exhibit XXII**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: TOURIST AND CONVENTION FUND
FOR YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 1,791,637	$ 1,791,637	$ 2,156,294	$ -	$ 2,156,294	$ 364,657
Investment revenue	-	-	10,906	-	10,906	10,906
Miscellaneous	-	-	1,051	-	1,051	1,051
Total revenues	1,791,637	1,791,637	2,168,251	-	2,168,251	376,614
EXPENDITURES:						
General government	1,809,406	2,131,906	1,823,268	-	1,823,268	308,638
Total expenditures	1,809,406	2,131,906	1,823,268	-	1,823,268	308,638
Excess (deficit) of revenues over (under) expenditures	(17,769)	(340,269)	344,983	-	344,983	685,252
OTHER FINANCING SOURCES (USES):						
Transfers out	-	(2,500)	(2,500)	-	(2,500)	-
Total other financing uses	-	(2,500)	(2,500)	-	(2,500)	-
Net change in fund balance	(17,769)	(342,769)	342,483	-	342,483	685,252
Fund balance at beginning of year	1,503,502	1,503,502	1,503,502	-	1,503,502	-
Fund balance at end of year	$ 1,485,733	$ 1,160,733	$ 1,845,985	$ -	$ 1,845,985	$ 685,252

CITY OF DENTON, TEXAS **Exhibit XXIII**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: STREET IMPROVEMENT FUND
FOR YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Franchise fees	$ 9,279,639	$ 9,279,639	$ 9,026,403	$ -	$ 9,026,403	$ (253,236)
Fees for services	350,000	350,000	372,051	-	372,051	22,051
Investment revenue	10,000	10,000	6,562	-	6,562	(3,438)
Miscellaneous	-	-	4,632	-	4,632	4,632
Total revenues	9,639,639	9,639,639	9,409,648	-	9,409,648	(229,991)
EXPENDITURES:						
Public Works	9,476,131	9,395,851	8,806,503	(92,871)	8,713,632	682,219
Debt service:						
Principal retirement	59,165	59,165	52,199	-	52,199	6,966
Interest and other charges	-	-	6,298	-	6,298	(6,298)
Total expenditures	9,535,296	9,455,016	8,865,000	(92,871)	8,772,129	682,887
Excess (deficit) of revenues over (under) expenditures	104,343	184,623	544,648	92,871	637,519	452,896
OTHER FINANCING SOURCES (USES):						
Transfers in	541,387	541,387	558,888	-	558,888	17,501
Transfers out	(645,730)	(726,010)	(631,926)	(92,871)	(724,797)	1,213
Total other financing uses	(104,343)	(184,623)	(73,038)	(92,871)	(165,909)	18,714
Net change in fund balance	-	-	471,610	-	471,610	471,610
Fund balance at beginning of year	916,613	916,613	916,613	-	916,613	-
Fund balance at end of year	$ 916,613	$ 916,613	$ 1,388,223	$ -	$ 1,388,223	$ 471,610

Adjustments - Budgetary Basis are expenditures allocated from and reimbursed to other funds. These expenditures are recorded as operating expenditures but budgeted as cost of service transfers.

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CITY OF DENTON, TEXAS **Exhibit XXIV**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: GAS WELL REVENUES FUND
FOR YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for service	$ 200,000	$ 200,000	$ 172,267	$ -	$ 172,267	$ (27,733)
Investment revenue	250	100	1,340	-	1,340	1,240
Total revenues	200,250	200,100	173,607	-	173,607	(26,493)
OTHER FINANCING USES:						
Transfers out	(200,000)	(200,000)	(200,000)	-	(200,000)	-
Total other financing uses	(200,000)	(200,000)	(200,000)	-	(200,000)	-
Net change in fund balance	250	100	(26,393)	-	(26,393)	(26,493)
Fund balance at beginning of year	181,626	181,626	181,626	-	181,626	-
Fund balance at end of year	$ 181,876	$ 181,726	$ 155,233	$ -	$ 155,233	$ (26,493)

CITY OF DENTON, TEXAS **Exhibit XXV**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: CITIZENS' PARK TRUSTS
FOR YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for service	$ 275,000	$ 275,000	$ 418,756	$ -	$ 418,756	$ 143,756
Investment revenue	14,000	14,000	33,146	-	33,146	19,146
Total revenues	289,000	289,000	451,902	-	451,902	162,902
EXPENDITURES:						
Parks and recreation	-	-	14,019	-	14,019	(14,019)
Capital outlay	-	-	324,612	-	324,612	(324,612)
Total expenditures	-	-	338,631	-	338,631	(338,631)
Excess of revenues over expenditures	289,000	289,000	113,271	-	113,271	(175,729)
OTHER FINANCING USES:						
Transfers out	(1,200,000)	(1,200,000)	-	-	-	1,200,000
Total other financing uses	(1,200,000)	(1,200,000)	-	-	-	1,200,000
Net change in fund balance	(911,000)	(911,000)	113,271	-	113,271	1,024,271
Fund balance at beginning of year	5,305,158	5,305,158	5,305,158	-	5,305,158	-
Fund balance at end of year	$ 4,394,158	$ 4,394,158	$ 5,418,429	$ -	$ 5,418,429	$ 1,024,271

CITY
OF
DENTON

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department for another.

The City has six Internal Service Funds as follows:

Materials Management Fund – to account for the financing of goods and services provided by Materials Management to other City departments. Such costs provided by Materials Management are billed to the other departments at standard labor charges and cost of parts plus 13 percent. Actual costs include depreciation on machinery and equipment used to provide the service.

Fleet Services Fund – to account for the financing of goods and services provided by the Municipal Garage and Machine Shop to other City departments. Municipal Garage and Machine Shop billings include labor charges and cost of parts plus 25 percent. Actual costs include depreciation on the building, improvements, machinery, and equipment used to provide the service.

Health Insurance Fund – to account for the accumulation of resources for the self-insurance activities of the City for employee medical insurance as well as other employee insurance benefits including long-term disability, short-term disability, dental insurance, and vision insurance.

Risk Retention Fund – to account for the accumulation of resources for the payment of employee insurance claims and insurance policies.

Technology Services Fund – to account for the accumulation of resources to provide computer programming services, systems analysis, imaging, print shop, and office services to City departments.

Engineering Services Fund – to account for providing engineering, real estate, public works inspection, and development review services primarily to internal City departments although some services are provided to external entities.

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2015

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
ASSETS:				
Current assets:				
Cash, cash equivalents and investments, at fair value	$ 11,491	$ 1,263,110	$ 5,813,812	$ 6,946,914
Receivables, net of allowances:				
Accrued interest	-	4,403	20,267	24,217
Other	-	59,766	-	-
Merchandise inventory	5,893,144	101,258	-	-
Total current assets	5,904,635	1,428,537	5,834,079	6,971,131
Noncurrent assets:				
Escrow deposit	-	-	163,000	-
Capital assets, net of accumulated depreciation	734,679	4,187,140	-	-
Total noncurrent assets	734,679	4,187,140	163,000	-
Total assets	6,639,314	5,615,677	5,997,079	6,971,131
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charges on refunding	36,345	16,682	-	-
Deferred pension actuarial losses	33,216	42,626	-	21,737
Deferred pension contributions	108,374	139,079	-	70,923
Total deferred outflows of resources	177,935	198,387	-	92,660
LIABILITIES:				
Current liabilities:				
Accounts payable	832,219	843,350	91,858	115,485
Claims payable	-	-	1,780,201	452,838
Compensated absences payable	50,839	86,144	-	40,571
Leases payable	-	-	-	-
Accrued interest	1,665	4,818	-	-
Interfund payables	4,000,000	-	-	-
Certificate and general obligation bonds	41,969	211,771	-	-
Total current liabilities	4,926,692	1,146,083	1,872,059	608,894
Noncurrent liabilities:				
Leases payable	-	-	-	-
Payable from restricted assets:				
General obligation bonds payable	315,217	682,838	-	-
Compensated absences payable	1,531	24,708	-	17,742
Claims payable	-	-	-	2,489,940
Municipal pension obligation	729,571	936,277	-	477,449
Other post employment benefits	58,513	91,701	-	27,366
Total noncurrent liabilities:	1,104,832	1,735,524	-	3,012,497
Total liabilities	6,031,524	2,881,607	1,872,059	3,621,391
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension excess earnings	1,516	1,946	-	992
Total deferred inflows of resources	1,516	1,946	-	992
NET POSITION:				
Net investment in capital assets	413,838	3,309,213	-	-
Unrestricted	370,371	(378,702)	4,125,020	3,441,408
Total net position	$ 784,209	$ 2,930,511	$ 4,125,020	$ 3,441,408

Exhibit XXVI

Technology Services Fund	Engineering Services Fund	Total Internal Service Funds
$ 3,936,539	$ 1,400,982	$ 19,372,848
13,724	4,884	67,495
378	-	60,144
-	-	5,994,402
3,950,641	1,405,866	25,494,889
8,841	-	171,841
5,421,733	51,063	10,394,615
5,430,574	51,063	10,566,456
9,381,215	1,456,929	36,061,345
-	-	53,027
99,727	80,139	277,445
325,386	261,476	905,238
425,113	341,615	1,235,710
373,119	143,325	2,399,356
-	-	2,233,039
166,602	162,153	506,309
753,091	-	753,091
252	-	6,735
-	-	4,000,000
10,195	-	263,935
1,303,259	305,478	10,162,465
1,215,599	-	1,215,599
35,310	-	1,033,365
16,386	15,336	75,703
-	-	2,489,940
2,190,489	1,760,246	6,094,032
117,755	122,728	418,063
3,575,539	1,898,310	11,326,702
4,878,798	2,203,788	21,489,167
4,553	3,658	12,665
4,553	3,658	12,665
3,407,538	51,063	7,181,652
1,515,439	(459,965)	8,613,571
$ 4,922,977	$ (408,902)	$ 15,795,223

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CITY OF DENTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
OPERATING REVENUES:				
Charges for goods and services	$ 9,181,274	$ 9,511,896	$ 23,860,901	$ 2,939,659
Miscellaneous	107,547	5,213	2,085,589	153,470
Total operating revenues	9,288,821	9,517,109	25,946,490	3,093,129
OPERATING EXPENSES:				
Operating expenses before depreciation	9,091,168	9,214,820	27,461,462	3,677,273
Depreciation	21,601	155,289	-	-
Total operating expenses	9,112,769	9,370,109	27,461,462	3,677,273
Operating income (loss)	176,052	147,000	(1,514,972)	(584,144)
NONOPERATING REVENUES (EXPENSES):				
Investment revenue	-	5,228	31,762	42,808
Interest expense and fiscal charges	(16,399)	(41,101)	-	-
Loss on disposal of capital assets	4,605	2,478	-	-
Total non-operating revenues (expenses)	(11,794)	(33,395)	31,762	42,808
Income (loss) before contributions and transfers	164,258	113,605	(1,483,210)	(541,336)
Capital contributions	34,436	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(65,108)	-	-
Change in net position	198,694	48,497	(1,483,210)	(541,336)
Net position at beginning of year - as previously stated	1,124,101	3,536,716	5,608,230	4,344,688
Prior period adjustment (Note I.E)	(538,586)	(654,702)	-	(361,944)
Net position at beginning of year	585,515	2,882,014	5,608,230	3,982,744
Total net position at end of year	$ 784,209	$ 2,930,511	$ 4,125,020	$ 3,441,408

Exhibit XXVII

Technology Services Fund	Engineering Services Fund	Total Internal Service Funds
$ 10,823,625	$ 4,582,103	$ 60,899,458
61,813	-	2,413,632
10,885,438	4,582,103	63,313,090
7,422,856	3,919,673	60,787,252
1,887,455	20,787	2,085,132
9,310,311	3,940,460	62,872,384
1,575,127	641,643	440,706
23,661	7,927	111,386
(49,072)	-	(106,572)
(54,149)	5,074	(41,992)
(79,560)	13,001	(37,178)
1,495,567	654,644	403,528
-	-	34,436
35,280	500	35,780
(110,775)	(205,189)	(381,072)
1,420,072	449,955	92,672
5,131,137	482,179	20,227,051
(1,628,232)	(1,341,036)	(4,524,500)
3,502,905	(858,857)	15,702,551
$ 4,922,977	$ (408,902)	$ 15,795,223

CITY OF DENTON, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 9,288,821	$ 9,562,058	$ 25,963,491
Cash paid to employees for services	(1,242,725)	(1,652,816)	-
Cash paid to suppliers	(8,007,283)	(7,429,391)	(26,806,128)
Net cash provided (used) by operations	38,813	479,851	(842,637)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out	-	(65,108)	-
Transfers in	-	-	-
Net cash used by noncapital financing activities	-	(65,108)	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:			
Principal payments on capital debt	(34,129)	(211,189)	-
Interest and fiscal charges	(13,804)	(42,601)	-
Principal payments under capital lease obligation	-	-	-
Proceeds from the sale of fixed assets	4,605	2,478	-
Acquisition and construction of capital assets	(8,921)	(266,886)	-
Net cash provided (used) by capital financing activities	(52,249)	(518,198)	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale and maturities of investment securities	-	607,865	2,971,668
Purchase of investment securities	-	(522,338)	(2,259,026)
Interest received on investments	-	4,857	31,113
Net cash provided (used) by investing activities	-	90,384	743,755
Net increase (decrease) in cash and cash equivalents	(13,436)	(13,071)	(98,882)
Cash and cash equivalents at beginning of year	24,927	147,399	717,162
Cash and cash equivalents at end of year	11,491	134,328	618,280
Investments, at fair value	-	1,128,782	5,195,532
Cash, cash equivalents and investments, at fair value	$ 11,491	$ 1,263,110	$ 5,813,812
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 176,052	$ 147,000	$ (1,514,972)
Adjustments:			
Depreciation expense	21,601	155,289	-
Decrease (Increase) in receivables	-	44,949	-
Decrease (Increase) in inventories	(732,745)	83,553	-
Decrease in prepaid items	-	-	-
Decrease in escrow deposits items	-	-	17,000
Increase (Decrease) in accounts payable	446,589	54,981	655,335
Increase in compensated absences	2,683	11,274	-
Increase in interfund payables	140,000	-	-
Decrease in net municipal pension obligation, as restated	(26,234)	(33,665)	-
Increase in other post employment benefits	10,867	16,470	-
Total adjustments	(137,239)	332,851	672,335
Net cash provided (used) by operating activities	$ 38,813	$ 479,851	$ (842,637)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:			
Decrease in fair value of investments	-	694	3,042
Capital asset contributions	34,436	-	-
Increase in capital lease obligations	-	-	-

Exhibit XXVIII

Risk Retention Fund	Technology Services Fund	Engineering Services Fund	Total Internal Service Funds
$ 3,089,802	$ 10,885,060	$ 4,582,103	$ 63,371,335
(779,285)	(3,595,918)	(3,054,210)	(10,324,954)
(2,461,256)	(3,887,257)	(962,024)	(49,553,339)
(150,739)	3,401,885	565,869	3,493,042
-	(110,775)	(205,189)	(381,072)
-	35,280	500	35,780
-	(75,495)	(204,689)	(345,292)
-	(80,000)	-	(325,318)
-	(52,588)	-	(108,993)
-	(764,479)	-	(764,479)
-	26,729	5,074	38,886
-	(1,520,589)	-	(1,796,396)
-	(2,390,927)	5,074	(2,956,300)
3,121,725	695,199	236,561	7,633,018
(3,038,666)	(1,553,613)	(571,260)	(7,944,903)
42,808	18,768	6,089	103,635
125,867	(839,646)	(328,610)	(208,250)
(24,872)	95,817	37,644	(16,800)
763,654	322,821	111,345	2,087,308
738,782	418,638	148,989	2,070,508
6,208,132	3,517,901	1,251,993	17,302,340
$ 6,946,914	$ 3,936,539	$ 1,400,982	$ 19,372,848
$ (584,144)	$ 1,575,127	$ 641,643	$ 440,706
-	1,887,455	20,787	2,085,132
(3,327)	(378)	-	41,244
-	-	-	(649,192)
-	-	17,700	17,700
-	-	-	17,000
444,247	(11,811)	(75,478)	1,513,863
3,704	7,296	2,531	27,488
-	-	-	140,000
(453,612)	(78,762)	(63,294)	(655,567)
442,393	22,958	21,980	514,668
433,405	1,826,758	(75,774)	3,052,336
$ (150,739)	$ 3,401,885	$ 565,869	$ 3,493,042
4,005	2,704	977	11,422
-	-	-	34,436
-	1,793,040	-	1,793,040

CITY OF DENTON, TEXAS **Exhibit XXIX**
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF SEPTEMBER 30, 2015

	Agency Funds			
	Payroll Fund	Developers' Escrow Fund	Other Agency Funds	Total Agency Funds
ASSETS:				
Cash, cash equivalents and investments, at fair value	$ 1,497,577	$ 230,504	$ 413,153	$ 2,141,234
Accrued interest	-	804	-	804
Other assets	-	-	76,978	76,978
Total assets	$ 1,497,577	$ 231,308	$ 490,131	$ 2,219,016
LIABILITIES:				
Accounts payable	$ 1,497,577	$ 231,308	$ 490,131	$ 2,219,016
Total liabilities	$ 1,497,577	$ 231,308	$ 490,131	$ 2,219,016

CITY OF DENTON, TEXAS **Exhibit XXX**
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
PAYROLL FUND				
ASSETS				
Cash and deposits	$ 1,405,039	$ 50,980,246	$ 50,887,708	$ 1,497,577
Total assets	$ 1,405,039	$ 50,980,246	$ 50,887,708	$ 1,497,577
LIABILITIES				
Accounts payable	$ 1,405,039	$ 50,980,246	$ 50,887,708	$ 1,497,577
Total liabilities	$ 1,405,039	$ 50,980,246	$ 50,887,708	$ 1,497,577
DEVELOPERS' ESCROW FUND				
ASSETS				
Cash and deposits	$ 229,201	$ 1,303	$ -	$ 230,504
Accrued interest	679	804	679	804
Total assets	$ 229,880	$ 2,107	$ 679	$ 231,308
LIABILITIES				
Accounts payable	$ 229,880	$ 2,107	$ 679	$ 231,308
Total liabilities	$ 229,880	$ 2,107	$ 679	$ 231,308
OTHER AGENCY FUNDS				
ASSETS				
Cash, cash equivalents and investments, at fair value	$ 358,100	$ 2,062,970	$ 2,007,917	$ 413,153
Other assets	111,622	326,184	360,828	76,978
Total assets	$ 469,722	$ 2,389,154	$ 2,368,745	$ 490,131
LIABILITIES				
Accounts payable	$ 469,722	$ 2,389,154	$ 2,368,745	$ 490,131
Total liabilities	$ 469,722	$ 2,389,154	$ 2,368,745	$ 490,131
TOTAL AGENCY FUNDS				
ASSETS				
Cash, cash equivalents and investments, at fair value	$ 1,992,340	$ 53,044,519	$ 52,895,625	$ 2,141,234
Accrued interest	679	804	679	804
Other assets	111,622	326,184	360,828	76,978
Total assets	$ 2,104,641	$ 53,371,507	$ 53,257,132	$ 2,219,016
LIABILITIES				
Accounts payable	$ 2,104,641	$ 53,371,507	$ 53,257,132	$ 2,219,016
Total liabilities	$ 2,104,641	$ 53,371,507	$ 53,257,132	$ 2,219,016

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CITY OF DENTON, TEXAS **Exhibit XXXI**
CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE*
AS OF SEPTEMBER 30, 2014 AND 2015

	2015	2014
Governmental funds capital assets:		
Land	$ 15,068,379	$ 14,966,181
Work in progress	48,633,770	36,765,958
Buildings	57,660,509	57,660,509
Plant, machinery and equipment	72,005,242	65,276,697
Infrastructure	235,300,412	228,073,935
Total governmental funds capital assets	$ 428,668,312	$ 402,743,280
Investments in governmental funds capital assets by source:		
General fund	$ 186,531,361	$ 182,195,367
Special revenue funds	8,988,533	8,455,371
Capital projects funds	233,148,418	212,092,542
Total governmental funds capital assets	$ 428,668,312	$ 402,743,280

***This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.**

CITY OF DENTON, TEXAS **Exhibit XXXII**
CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY*
AS OF SEPTEMBER 30, 2015

Function and Activity	Land	Buildings	Plant, Machinery and Equipment	Infrastructure	Work in Progress	Total
General government:						
Finance	$ -	$ -	$ 45,930	$ -	$ -	$ 45,930
Legal	-	-	358,124	-	-	358,124
Human resources	-	-	6,643	-	343,554	350,197
City manager/economic development	-	808,462	665,574	-	14,565	1,488,601
Facilities management	286,074	15,529,855	10,318,174	570,021	1,675,157	28,379,281
Library	-	12,050,477	7,610,571	14,715	63,135	19,738,898
Building inspections	-	-	252,761	-	45,188	297,949
Planning/community development	-	494,500	485,318	24,057	41,523	1,045,398
Engineering	-	-	51,189	-	186,181	237,370
Community improvement services	-	-	156,217	-	-	156,217
Gas Well Review	-	-	27,478	-	-	27,478
Total general government	286,074	28,883,294	19,977,979	608,793	2,369,303	52,125,443
Public works:						
Traffic operations	-	14,600	1,627,374	17,945,175	3,698,836	23,285,985
Streets	890,783	5,000	6,139,254	201,453,736	31,758,797	240,247,570
Total public works	890,783	19,600	7,766,628	219,398,911	35,457,633	263,533,555
Parks and recreation	10,862,754	16,248,837	11,714,477	15,287,708	1,202,820	55,316,596
Public safety:						
Fire administration	-	-	231,472	-	-	231,472
Fire operations	2,024,704	12,109,983	15,303,550	5,000	3,236,350	32,679,587
Fire prevention	-	-	1,402,608	-	-	1,402,608
Emergency medical services	-	-	381,368	-	-	381,368
Police	-	11,993	14,307,771	-	596,219	14,915,983
Animal services	1,004,064	386,802	427,612	-	5,723,286	7,541,764
Municipal court/judge/clerks	-	-	491,777	-	48,159	539,936
Total public safety	3,028,768	12,508,778	32,546,158	5,000	9,604,014	57,692,718
Total governmental funds capital assets	$ 15,068,379	$ 57,660,509	$ 72,005,242	$ 235,300,412	$ 48,633,770	$ 428,668,312

***This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.**

CITY OF DENTON, TEXAS **Exhibit XXXIII**
CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY*
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Function and Activity	Governmental Funds Capital Assets October 1, 2014	Additions	Deductions	Governmental Funds Capital Assets September 30, 2015
General government:				
Finance	$ 48,265	$ -	$ (2,335)	$ 45,930
Legal	358,124	-	-	358,124
Human resources	6,643	-	-	6,643
City manager/economic development	1,287,981	186,055	-	1,474,036
Facilities management	25,005,607	1,761,333	(62,816)	26,704,124
Library	19,494,307	457,826	(276,370)	19,675,763
Building inspections	217,890	34,871	-	252,761
Planning/community development	1,003,875	-	-	1,003,875
Engineering	-	51,189	-	51,189
Code Enforcement	173,062	12,203	(29,048)	156,217
Gas Well Review	62,349	-	(34,871)	27,478
Total general government	47,658,103	2,503,477	(405,440)	49,756,140
Public works:				
Traffic operations	19,561,639	76,656	(51,146)	19,587,149
Streets	199,948,348	9,153,043	(612,618)	208,488,773
Total public works	219,509,987	9,229,699	(663,764)	228,075,922
Parks and recreation	52,854,652	1,559,264	(300,140)	54,113,776
Public safety:				
Fire administration	169,450	62,022	-	231,472
Fire operations	28,194,752	1,706,296	(457,811)	29,443,237
Fire prevention	1,366,808	35,800	-	1,402,608
Emergency medical services	381,368	-	-	381,368
Police	13,599,849	1,525,143	(805,228)	14,319,764
Animal services	1,750,576	102,927	(35,025)	1,818,478
Municipal court/judge/clerks	491,777	-	-	491,777
Total public safety	45,954,580	3,432,188	(1,298,064)	48,088,704
Work in progress	36,765,958	23,186,191	(11,318,379)	48,633,770
Total governmental funds capital assets	$ 402,743,280	$ 39,910,819	$ (13,985,787)	$ 428,668,312

***This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.**

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STATISTICAL SECTION

This part of the City of Denton's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. (Tables 1 – 4)

Revenue Capacity

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax. These tables do not include the Electric fund information due to confidentiality of information necessary for competitive rates. (Tables 5 – 8)

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current level of outstanding debt and the city's ability to issue additional debt in the future. (Tables 9 – 12)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place. (Tables 13 – 14)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs. (Tables 15 – 17)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DENTON, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2006	2007	2008	2009	2010
Governmental activities					
Net investment in capital assets	$ 107,410,289	$ 99,858,383	$ 102,040,021	$ 102,110,134	$ 104,636,239
Restricted	439,658	886,141	1,454,579	1,947,553	2,894,676
Unrestricted	30,352,691	30,738,026	37,610,966	38,252,078	46,480,569
Total governmental activities net position	138,202,638	131,482,550	141,105,566	142,309,765	154,011,484
Business-type activities					
Net investment in capital assets	213,074,701	242,015,614	263,325,859	282,463,031	277,356,195
Restricted	30,974,925	31,015,188	33,087,609	33,380,595	30,598,923
Unrestricted	90,843,185	107,837,825	107,545,434	109,826,810	131,497,936
Total business-type activities net position	334,892,811	380,868,627	403,958,902	425,670,436	439,453,054
Primary government					
Net investment in capital assets	320,484,990	341,873,997	365,365,880	384,573,165	381,992,434
Restricted	31,414,583	31,901,329	34,542,188	35,328,148	33,493,599
Unrestricted	121,195,876	138,575,851	145,156,400	148,078,888	177,978,505
Total primary government net position	$ 473,095,449	$ 512,351,177	$ 545,064,468	$ 567,980,201	$ 593,464,538

Source: Comprehensive Annual Financial Reports

Table 1

2011	2012	2013	2014	2015
$ 103,073,465	$ 101,784,929	$ 116,146,838	$ 128,915,116	$ 141,914,877
2,839,556	3,460,027	4,116,256	12,233,226	13,215,421
34,590,673	35,005,109	35,136,072	28,096,148	(8,775,520)
140,503,694	140,250,065	155,399,166	169,244,490	146,354,778
296,006,601	315,479,026	347,780,207	383,678,313	421,894,337
30,454,314	28,559,731	28,654,879	28,056,605	25,356,458
158,120,736	169,653,341	158,145,443	139,515,508	122,542,446
484,581,651	513,692,098	534,580,529	551,250,426	569,793,241
399,080,066	417,263,955	463,927,045	512,593,429	563,809,214
33,293,870	32,019,758	32,771,135	40,289,831	38,571,879
192,711,409	204,658,450	193,281,515	167,611,656	113,766,926
$ 625,085,345	$ 653,942,163	$ 689,979,695	$ 720,494,916	$ 716,148,019

CITY OF DENTON, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2006	2007	2008	2009	2010
EXPENSES					
Governmental activities:					
General government	$ 22,165,661	$ 22,145,804	$ 26,408,949	$ 27,482,131	$29,569,535
Public safety	36,626,635	42,161,674	43,426,526	45,368,783	47,998,906
Public works	12,485,281	14,008,867	15,448,473	15,816,065	15,767,926
Parks and recreation	10,497,241	11,564,247	12,927,020	12,755,037	12,854,336
Interest expense	4,333,428	4,658,128	5,372,868	5,733,268	5,121,329
Total governmental activities expenses	86,108,246	94,538,720	103,583,836	107,155,284	111,312,032
Business-type activities:					
Electric system	145,368,132	123,926,967	138,791,009	124,901,262	114,903,831
Water system	26,708,095	25,839,614	26,226,068	28,636,190	27,219,944
Wastewater system	19,027,926	18,785,353	19,413,247	19,909,229	20,560,600
Solid waste	13,454,556	15,451,025	17,065,295	18,036,331	18,028,832
Airport	-	-	-	-	-
Total business-type activities expenses	204,558,709	184,002,959	201,495,619	191,483,012	180,713,207
Total primary government expenses	290,666,955	278,541,679	305,079,455	298,638,296	292,025,239
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	3,904,941	3,694,869	3,310,592	4,792,856	3,551,733
Public safety	6,023,100	6,160,611	6,461,037	6,554,619	6,431,007
Public works	802,711	800,378	853,091	586,377	1,425,683
Parks and recreation	3,234,347	3,220,837	3,292,528	2,990,921	3,372,579
Operating grants and contributions	3,712,817	2,991,224	3,306,325	2,281,136	3,407,085
Capital grants and contributions	5,536,786	5,399,220	7,308,398	3,641,296	15,206,424
Total governmental activities program revenues	23,214,702	22,267,139	24,531,971	20,847,205	33,394,511
Business-type activities:					
Charges for services:					
Electric system	149,419,800	128,973,477	138,467,222	128,511,236	119,156,314
Water system	33,436,651	27,830,767	30,843,797	30,067,774	28,407,954
Wastewater system	23,670,458	22,634,454	23,184,369	22,342,174	21,917,651
Solid waste	14,624,132	15,967,051	16,660,375	18,386,616	18,432,245
Airport	-	-	-	-	-
Capital grants and contributions	10,022,654	8,440,634	5,742,139	8,099,722	5,153,568
Total business-type activities program revenues	231,173,695	203,846,383	214,897,902	207,407,522	193,067,732
Total primary government program revenues	254,388,397	226,113,522	239,429,873	228,254,727	226,462,243
NET (EXPENSE)/REVENUE					
Governmental activities	(62,893,544)	(72,271,581)	(79,051,865)	(86,308,079)	(77,917,521)
Business-type activities	26,614,986	19,843,424	13,402,283	15,924,510	12,354,525
Total primary government program net expense	$ (36,278,558)	$ (52,428,157)	$ (65,649,582)	$ (70,383,569)	$ (65,562,996)

Table 2

2011	2012	2013	2014	2015
$28,198,604	$29,421,275	$27,686,735	$30,476,840	$31,260,126
49,154,371	52,496,010	52,906,985	56,893,859	58,132,146
16,089,302	18,662,029	18,663,884	16,950,280	20,331,934
12,421,893	12,968,426	13,714,245	14,543,461	14,982,742
5,046,724	4,755,938	4,464,309	4,339,154	4,384,973
110,910,894	118,303,678	117,436,158	123,203,594	129,091,921
117,769,599	122,428,808	146,246,880	157,906,294	158,106,661
28,293,109	26,822,690	26,814,020	24,023,392	25,870,489
20,455,424	20,890,614	21,467,088	22,176,191	24,307,305
20,008,746	21,695,322	21,730,796	23,844,055	26,766,890
1,326,397	1,472,155	1,608,989	2,435,446	2,100,281
187,853,275	193,309,589	217,867,773	230,385,378	237,151,626
298,764,169	311,613,267	335,303,931	353,588,972	366,243,547
4,108,687	3,873,349	4,105,648	4,645,655	5,364,405
7,075,328	7,069,770	7,767,083	7,064,927	7,276,024
525,024	1,086,269	1,159,605	885,010	707,604
3,964,517	3,951,433	4,059,383	5,833,238	4,926,465
4,270,697	2,598,157	3,118,105	4,788,149	3,380,119
7,497,908	4,292,468	14,671,571	11,127,695	10,443,220
27,442,161	22,871,446	34,881,395	34,344,674	32,097,837
131,435,554	132,352,950	136,655,892	150,362,507	167,696,288
36,790,720	36,265,061	37,586,306	34,865,803	37,572,331
23,338,841	24,570,095	26,588,179	28,629,754	30,790,885
20,979,967	22,944,272	24,468,976	25,980,914	29,091,216
3,203,426	1,909,619	1,880,812	1,925,825	1,277,402
5,053,024	4,317,463	9,877,185	5,656,622	8,593,699
220,801,532	222,359,460	237,057,350	247,421,425	275,021,821
248,243,693	245,230,906	271,938,745	281,766,099	307,119,658
(83,468,733)	(95,432,232)	(82,554,763)	(88,858,920)	(96,994,084)
32,948,257	29,049,871	19,189,577	17,036,047	37,870,195
$ (50,520,476)	$ (66,382,361)	$ (63,365,186)	$ (71,822,873)	$ (59,123,889)

(continued)

CITY OF DENTON, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2006	2007	2008	2009	2010
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities:					
Taxes:					
Property tax	$ 30,000,847	$ 34,756,356	$ 41,499,791	$ 43,187,433	$43,144,645
Sales tax[1]	20,343,413	20,653,932	21,440,839	20,466,772	20,484,954
Franchise tax	16,499,994	15,197,943	16,197,042	15,669,981	17,457,994
Hotel occupancy tax	1,132,500	1,268,627	1,369,667	1,239,261	1,302,617
Beverage tax	257,950	294,623	319,541	338,700	347,940
Bingo tax	24,260	23,708	23,653	22,915	22,611
Investment income	1,967,473	3,632,744	3,287,282	2,413,339	684,709
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	3,892,087	3,199,131	4,214,028	3,327,758	5,690,969
Transfers	895,106	(13,475,571)	323,038	846,119	482,801
Total governmental activities	75,013,630	65,551,493	88,674,881	87,512,278	89,619,240
Business-type activities:					
Investment income	7,298,870	12,108,632	7,817,671	6,075,453	1,653,515
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	627,198	548,189	195,055	557,690	257,379
Transfers	(895,106)	13,475,571	(323,038)	(846,119)	(482,801)
Total business-type activities	7,030,962	26,132,392	7,689,688	5,787,024	1,428,093
Total primary government	82,044,592	91,683,885	96,364,569	93,299,302	91,047,333
CHANGE IN NET POSITION					
Governmental activities	12,120,086	(6,720,088)	9,623,016	1,204,199	11,701,719
Business-type activities	33,645,948	45,975,816	21,091,971	21,711,534	13,782,618
Total primary government	$ 45,766,034	$ 39,255,728	$ 30,714,987	$ 22,915,733	$ 25,484,337

Source: Comprehensive Annual Financial Reports

[1] **Sales tax figures in fiscal years 2010 and prior present amounts net of economic incentive payments.**

Table 2

2011	2012	2013	2014	2015
$44,144,844	$45,174,160	$47,275,552	$48,833,077	$54,174,965
22,871,282	25,886,940	26,522,473	27,764,114	30,601,965
19,324,244	19,336,701	19,901,459	21,001,427	21,996,031
1,513,468	1,555,347	1,910,125	1,982,643	2,156,294
359,671	345,032	392,192	419,498	573,758
21,963	20,889	20,774	20,684	20,380
459,615	581,849	354,089	563,236	759,334
-	-	-	-	707,966
2,370,682	1,390,398	1,428,907	1,980,545	1,220,060
(10,430,082)	887,287	(101,707)	876,525	1,140,938
80,635,687	95,178,603	97,703,864	103,441,749	113,351,691
1,472,078	1,638,830	1,085,856	1,355,730	1,692,971
-	-	-	-	42,455
278,180	(690,967)	511,291	521,013	-
10,430,082	(887,287)	101,707	(876,525)	(1,140,938)
12,180,340	60,576	1,698,854	1,000,218	594,488
92,816,027	95,239,179	99,402,718	104,441,967	113,946,179
(2,833,046)	(253,629)	15,149,101	14,582,829	16,357,607
45,128,597	29,110,447	20,888,431	18,036,265	38,464,683
$ 42,295,551	$ 28,856,818	$ 36,037,532	$ 32,619,094	$ 54,822,290

CITY OF DENTON, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2006	2007	2008	2009
General fund				
Reserved for encumbrances	$ 242,088	$ -	$ 123,696	$ -
Unreserved, designated	1,550,000	4,360,649	-	-
Committed to streets	-	-	-	-
Assigned to use of reserves	-	-	-	-
Unreserved, undesignated, unassigned	13,264,027	18,199,161	25,253,797	22,794,955
Total general fund	15,056,115	22,559,810	25,377,493	22,794,955
All other governmental funds				
Reserved for:				
Debt service	439,658	886,141	1,954,955	2,414,288
Capital projects	32,840,640	48,971,610	57,887,531	35,339,606
Encumbrances	-	-	5,515	-
Unreserved, undesignated reported in:				
Special revenue funds	5,534,701	8,896,111	9,534,627	16,435,449
Restricted for:				
Debt Service	-	-	-	-
Parks and recreation	-	-	-	-
Streets and drainage projects	-	-	-	-
Other capital projects	-	-	-	-
Other grants and purposes	-	-	-	-
Committed to:				
Streets	-	-	-	-
Parks and recreation	-	-	-	-
Other purposes	-	-	-	-
Assigned to:				
Streets and drainage projects	-	-	-	-
Other capital projects	-	-	-	-
Other purposes	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	$ 38,814,999	$ 58,753,862	$ 69,382,628	$ 54,189,343

Source: Comprehensive Annual Financial Reports

[1]The City adopted GASB Statement No. 54 which changed the classification of governmental fund balances to nonspendable, restricted, committed, assigned, and unassigned.

Table 3

2010	2011[1]	2012	2013	2014	2015
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	921,779	-	-	-	-
-	668,116	664,894	1,377,039	661,545	-
21,526,779	22,834,108	25,171,186	24,378,139	25,176,737	27,365,168
21,526,779	24,424,003	25,836,080	25,755,178	25,838,282	27,365,168
3,354,535	-	-	-	-	-
44,970,571	-	-	-	-	-
-	-	-	-	-	-
13,838,425	-	-	-	-	-
-	3,279,080	3,824,438	4,572,807	4,726,841	4,791,880
-	9,561,244	10,496,887	9,220,953	11,584,890	14,288,659
-	21,857,670	22,004,377	23,759,574	25,790,648	42,537,941
-	5,907,877	8,444,073	12,231,061	11,925,978	10,603,695
-	1,223,822	1,789,241	2,223,626	2,465,093	3,218,466
-	-	991,942	1,330,184	916,613	1,388,223
-	1,427,717	570,534	590,062	573,429	513,484
-	1,867,639	1,468,837	1,801,661	3,560,159	4,430,392
-	724,241	-	144,485	423,152	2,214,613
-	1,332,105	3,003,344	2,599,101	2,868,390	1,666,029
-	77,341	49,026	56,900	34,847	49,630
-	(758,734)	(91,145)	(8,901)	(144,084)	(73,857)
$ 62,163,531	$ 46,500,002	$ 52,551,554	$ 58,521,513	$ 64,725,956	$ 85,629,155

CITY OF DENTON, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2006	2007	2008	2009
REVENUES:				
Taxes:				
Property tax	$ 30,019,657	$ 34,662,336	$ 41,436,012	$ 42,980,209
Sales tax[1]	20,343,413	20,653,932	21,440,839	20,466,772
Hotel occupancy tax	1,132,500	1,268,627	1,369,667	1,239,261
Beverage tax	257,950	294,623	319,541	338,700
Bingo tax	24,260	23,708	23,653	22,915
Licenses and permits	1,383,169	1,097,323	1,080,580	1,265,733
Franchise fees	16,499,994	15,197,943	16,197,042	15,669,981
Fines and forfeitures	4,639,922	5,065,049	5,262,189	4,972,905
Fees for services	6,779,904	7,624,265	7,951,665	7,595,440
Investment revenue	1,967,473	3,632,744	3,287,282	2,415,817
Intergovernmental	5,254,058	3,852,513	8,094,307	4,049,439
Miscellaneous	3,424,786	3,006,751	3,778,673	3,183,891
Total revenues	91,727,086	96,379,814	110,241,450	104,201,063
EXPENDITURES:				
General government	20,539,006	20,158,739	24,110,329	25,223,041
Public safety	35,813,329	37,755,272	40,855,112	42,540,423
Public works	5,206,224	5,624,287	6,596,191	6,753,314
Parks and recreation	9,548,416	10,234,361	11,557,168	11,444,577
Capital outlay	9,056,102	17,237,922	23,275,703	21,863,647
Debt service:				
Principal retirement	5,914,819	6,808,439	8,479,136	9,479,243
Advance refunding escrow	-	-	-	148,575
Bond issuance costs	70,745	314,286	530,137	105,392
Interest and other charges	4,210,628	4,389,307	5,261,346	5,570,770
Total expenditures	90,359,269	102,522,613	120,665,122	123,128,982
Excess (deficiency) of revenues over (under) expenditures	1,367,817	(6,142,799)	(10,423,672)	(18,927,919)
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued	-	24,780,000	24,595,000	6,120,000
Payment to refunded bond escrow agent	-	-	(25,117,336)	(6,265,255)
Issuance of long-term debt	9,550,000	-	22,230,000	-
Premium on debt issuance	49,644	528,630	937,755	246,012
Insurance recoveries	-	-	-	-
Proceeds of capital lease	-	1,108,131	69,897	-
Sale of capital assets	-	-	582,087	44,865
Transfers in	4,095,018	12,323,132	2,406,678	10,286,496
Transfers (out)	(2,857,338)	(5,154,536)	(1,833,960)	(9,280,022)
Total other financing sources (uses)	10,837,324	33,585,357	23,870,121	1,152,096
NET CHANGE IN FUND BALANCES	$ 12,205,141	$ 27,442,558	$ 13,446,449	$ (17,775,823)
Debt service as a percentage of noncapital expenditures	12.5%	13.1%	14.1%	14.9%

Source: Comprehensive Annual Financial Reports

[1] **Sales tax figures in fiscal years 2010 and prior present amounts net of economic incentive payments.**

Table 4

2010	2011	2012	2013	2014	2015
$ 43,326,427	$ 44,147,706	$ 45,116,485	$ 47,330,522	$ 48,872,016	$ 54,230,541
20,484,954	22,871,282	25,886,940	26,522,473	27,764,114	30,601,965
1,302,617	1,513,468	1,555,347	1,910,125	1,982,643	2,156,294
347,940	359,671	345,032	392,192	419,498	573,758
22,611	21,963	20,889	20,774	20,684	20,380
1,198,552	1,460,548	1,436,215	1,446,580	1,978,421	2,782,395
17,457,994	19,324,244	19,336,701	19,901,459	21,001,427	21,996,031
4,828,159	4,929,110	5,462,133	5,342,966	6,261,579	6,505,175
12,244,258	8,395,583	8,519,763	8,683,278	10,187,195	9,391,260
684,709	459,615	581,849	354,089	563,236	759,334
16,639,038	10,896,063	6,739,864	9,914,834	10,986,128	10,236,689
1,002,133	1,911,634	1,171,618	1,322,762	2,648,160	1,387,127
119,539,392	116,290,887	116,172,836	123,142,054	132,685,101	140,640,949
26,909,485	25,784,296	24,359,018	25,047,062	28,188,722	29,277,275
44,398,442	46,561,747	48,118,051	51,303,825	53,380,064	55,978,174
6,517,717	7,483,926	8,608,554	9,425,446	9,979,997	12,439,131
11,072,061	10,913,450	11,315,951	12,274,908	12,808,701	13,277,516
14,164,662	12,937,053	10,983,987	20,038,064	20,660,461	23,712,400
9,277,804	9,670,892	9,770,660	10,017,719	10,703,071	11,918,983
-	-	130,111	110,145	-	120,519
78,919	29,156	163,811	181,308	86,800	181,409
5,095,245	5,070,734	4,758,305	4,552,348	4,741,257	4,647,528
117,514,335	118,451,254	118,208,448	132,950,825	140,549,073	151,552,935
2,025,057	(2,160,367)	(2,035,612)	(9,808,771)	(7,863,972)	(10,911,986)
3,460,000	-	10,173,303	6,182,405	3,130,000	14,290,000
(3,774,764)	-	(11,432,581)	(6,547,180)	(3,194,293)	(15,604,758)
6,905,000	5,680,000	8,020,000	14,765,000	12,635,000	29,240,000
498,682	32,628	2,016,193	1,232,674	635,037	3,214,914
-	-	19,961	-	-	-
-	-	-	-	-	-
160,495	303,307	153,127	148,417	85,059	715,685
5,815,769	1,968,253	4,741,735	2,980,448	3,596,433	4,557,824
(8,384,227)	(7,915,382)	(4,192,497)	(3,063,936)	(2,735,717)	(3,071,594)
4,680,955	68,806	9,499,241	15,697,828	14,151,519	33,342,071
$ 6,706,012	$ (2,091,561)	$ 7,463,629	$ 5,889,057	$ 6,287,547	$ 22,430,085
13.9%	14.0%	13.6%	12.9%	12.9%	13.0%

CITY OF DENTON, TEXAS **Table 5**
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2006	$ 4,876,565,660	$ 733,405,037	$ 820,593,886	$ 4,789,376,811	$ 0.60815
2007	5,475,770,871	952,273,984	986,815,946	5,441,228,909	0.62652
2008	6,159,567,238	969,219,527	1,039,286,990	6,089,499,775	0.66652
2009	6,443,103,507	938,547,047	1,090,291,442	6,291,359,112	0.66652
2010	6,619,118,472	922,539,801	1,213,749,251	6,327,909,022	0.66652
2011	6,744,096,534	879,202,496	1,393,181,072	6,230,117,958	0.68975
2012	6,903,311,493	933,580,101	1,424,516,590	6,230,117,958	0.68975
2013	7,083,330,127	1,125,646,116	1,492,264,875	6,716,711,368	0.68975
2014	7,427,124,969	1,161,189,421	1,609,090,116	6,979,224,274	0.68975
2015	8,285,049,321	1,329,999,883	1,817,871,596	7,797,177,608	0.68975

Source: Denton Central Appraisal District

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CITY OF DENTON, TEXAS
PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE)
DIRECT AND OVERLAPPING[1] GOVERNMENTS
LAST TEN FISCAL YEARS

	City of Denton					
Fiscal Year	Operating Rate	Debt Service Rate	Total Direct Rate	Denton County	Denton Independent School District	Argyle Independent School District
2006	$ 0.42928	$ 0.17887	$ 0.60815	$ 0.246480	$ 1.86400	$ 1.919500
2007	0.44765	0.17887	0.62652	0.231920	1.76400	1.769430
2008	0.44765	0.21887	0.66652	0.235890	1.43400	1.410050
2009	0.44765	0.21887	0.66652	0.235770	1.49000	1.410050
2010	0.44765	0.21887	0.66652	0.249800	1.49000	1.410050
2011	0.47088	0.21887	0.68975	0.273900	1.53000	1.440050
2012	0.47088	0.21887	0.68975	0.277357	1.53000	1.460050
2013	0.47088	0.21887	0.68975	0.282867	1.53000	1.480050
2014	0.47480	0.21495	0.68975	0.284914	1.53000	1.475000
2015	0.48119	0.20856	0.68975	0.272200	1.54000	1.570050

Source: Denton County Tax Office
Denton County Central Appraisal District

[1]**Overlapping rates are those of the school district and county government that apply to property owners within the City of Denton.**

Table 6

Overlapping Rates					
School Districts					
Aubrey Independent School District	Krum Independent School District	Pilot Point Independent School District	Ponder Independent School District	Sanger Independent School District	Total Direct & Overlapping Rates (Range)
$ 1.838800	$ 1.725000	$ 1.744200	$ 1.724650	$ 1.780000	$ 2.579280 - 2.774130
1.666600	1.595500	1.630000	1.552610	1.650000	2.411050 - 2.627870
1.398060	1.365500	1.300000	1.228210	1.340000	2.130620 - 2.336410
1.485600	1.365500	1.390000	1.321220	1.370000	2.223510 - 2.392290
1.540000	1.440000	1.370000	1.309028	1.360000	2.225348 - 2.456320
1.540000	1.480000	1.370000	1.324890	1.360000	2.288540 - 2.503650
1.540000	1.540000	1.370000	1.344610	1.372067	2.311717 - 2.507107
1.540000	1.520000	1.370000	1.353292	1.372067	2.325909 - 2.512617
1.510000	1.540000	1.370000	1.385000	1.372070	2.344664 - 2.514664
1.510000	1.540000	1.370000	1.380800	1.372067	2.331950 - 2.532000

CITY OF DENTON, TEXAS **Table 7**
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

2015			2006		
Name of Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value[1]	Name of Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value[2]
Columbia Medical Center of Denton (Denton Regional Hospital)	$92,209,540	1.18%	Presbyterian Hospital (Hospital and professional building)	$81,221,477	1.70%
PACCAR Inc. (Peterbilt)	92,014,123	1.18%	Columbia Medical Center of Denton (Denton Regional Hospital)	70,945,611	1.48%
Target Corporation (Distribution Center)	56,082,415	0.72%	Anderson Merchandisers (Distribution Center)	43,891,066	0.92%
Denton Fry LLC (Fry Street Village apartments)	51,167,423	0.66%	PACCAR Inc. (Peterbilt)	43,267,721	0.90%
Inland Western Crossing (Denton Crossing)	50,684,356	0.65%	United Copper Industries (Copper Wire Plant)	43,231,435	0.90%
Cypress Denton Station LTD (Forum at Denton Station Apartments)	45,936,000	0.59%	Sally Beauty Supply (Manufacturer and Professional Building)	36,816,776	0.77%
RR Marketplace LP (Rayzor Ranch North Shopping Center)	35,910,782	0.46%	Verizon Southwest (Telephone Company)	36,062,542	0.75%
HRA University Courtyard LLC (University Courtyard Apartments)	31,855,383	0.41%	Inland Western Crossing (Denton Crossing)	30,829,230	0.64%
Flowers Baking Company of Denton LLC	29,332,172	0.38%	BRE Timber Links at Denton Apartments	28,436,559	0.59%
Verizon Southwest (Telephone Company)	28,236,000	0.36%	James Wood Motors (Automobile Dealership)	24,500,082	0.51%
Total	$ 513,428,194	6.58%	Total	$ 439,202,499	9.17%

Source: Denton Central Appraisal District

[1]**Total taxable assessed value for tax year 2014 (fiscal year 2015) is $7,797,177,608**

[2]**Total taxable assessed value for tax year 2005 (fiscal year 2006) is $4,789,376,811**

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CITY OF DENTON, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	
2006	$ 29,545,033	$ 124,923	$ 29,669,956	$ 29,162,978	98.29%	$ 466,183
2007	34,273,862	329,953	34,603,815	33,872,404	97.89%	686,032
2008	40,816,256	46,131	40,862,387	40,354,528	98.76%	449,350
2009	43,086,123	58,270	43,144,393	42,423,707	98.33%	622,983
2010	42,898,414	58,646	42,957,060	42,448,364	98.82%	413,835
2011	43,890,121	(6,992)	43,883,129	43,447,508	99.01%	346,943
2012	44,856,277	(10,280)	44,845,997	44,461,501	99.14%	280,536
2013	46,965,495	(2,170)	46,963,325	46,638,975	99.31%	191,215
2014	48,398,900	15,773	48,414,673	48,083,910	99.32%	155,136
2015	53,829,793	-	53,829,793	53,503,029	99.39%	-

Source: Denton Central Appraisal District

Table 8

Total Collections to Date	
Amount	Percentage of Levy
$ 29,629,161	99.86%
34,558,436	99.87%
40,803,878	99.86%
43,046,690	99.77%
42,862,199	99.78%
43,794,451	99.80%
44,742,037	99.77%
46,830,190	99.72%
48,239,046	99.64%
53,503,029	99.39%

CITY OF DENTON, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities				Business-Type Activities		
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Premiums, Discounts	Other Obligations	Revenue Bonds	General Obligation Bonds	Certificates of Obligation
2006	$ 58,742,900	$ 46,700,000	$ 418,591	$ 3,559,742	$ 277,305,000	$ 3,582,100	$ 11,975,000
2007	70,650,317	51,355,100	849,575	2,393,684	281,750,000	3,099,683	13,889,900
2008	80,814,594	55,097,550	1,645,160	1,819,298	282,200,000	4,865,406	12,952,450
2009	77,358,650	48,611,150	1,658,410	2,769,671	266,705,000	4,366,350	11,243,850
2010	77,314,650	45,727,950	1,798,093	1,771,952	209,885,000	39,600,350	126,207,050
2011	73,395,650	43,036,419	1,475,673	1,879,906	187,525,000	47,209,350	150,553,581
2012	80,013,439	33,910,342	3,272,887	1,891,895	156,855,000	59,301,561	181,314,658
2013	80,719,761	37,514,485	3,737,386	983,249	144,225,000	55,970,239	222,955,515
2014	78,316,161	41,570,000	3,593,057	1,102,864	112,170,000	79,188,839	290,640,000
2015	95,019,058	41,590,000	6,039,823	2,079,227	63,340,000	108,585,942	359,375,000

Source: Comprehensive Annual Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]See Table 13 for personal income and population data.

Table 9

Premiums, Discounts	Other Obligations	Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
$ 7,419,303	$ 3,141,222	$ 412,843,858	0.01698%	$ 3,864.02
6,836,909	7,032,986	437,858,154	0.01810%	4,017.78
6,265,197	5,713,041	451,372,696	0.01786%	4,060.57
5,586,295	3,161,549	421,460,925	0.01708%	3,717.14
14,799,674	1,824,177	518,928,896	0.01980%	4,531.46
13,078,316	1,279,130	519,433,025	0.02087%	4,490.96
17,869,148	713,408	535,142,338	0.02150%	4,626.78
18,645,703	363,487	565,114,825	0.02040%	4,813.71
23,263,019	-	629,843,940	0.02145%	5,285.79
27,564,104	-	703,593,154	0.02398%	5,817.46

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CITY OF DENTON, TEXAS **Table 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

	General Bonded Debt Outstanding							
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Premiums, Discounts	Less: Amounts Available in Debt Service Fund	Less: Amounts Payable from Business-Type Activity Debt	Total	Percentage of Actual Taxable Value of Property[1]	Per Capita[2]
2006	$ 62,325,000	$ 58,675,000	$ 443,123	$ 439,658	$ 15,581,632	$ 105,421,833	2.20%	$ 1,019.20
2007	73,750,000	65,245,000	905,607	886,141	17,045,615	121,968,851	2.24%	1,141.57
2008	85,680,000	68,050,000	1,758,493	1,954,955	17,931,189	135,602,349	2.23%	1,244.29
2009	81,725,000	59,855,000	1,779,105	2,414,288	15,730,895	125,213,922	1.99%	1,126.43
2010	116,915,000	171,935,000	11,933,474	3,354,535	175,942,781	121,486,158	1.92%	1,071.47
2011	120,605,000	193,590,000	10,580,069	3,279,080	206,867,327	114,628,662	1.84%	1,000.98
2012	139,315,000	215,225,000	18,283,190	3,824,438	255,626,522	113,372,230	1.82%	980.20
2013	136,690,000	260,470,000	20,029,829	4,572,807	295,218,197	117,398,825	1.75%	1,000.02
2014	157,505,000	332,210,000	25,434,647	4,726,841	391,670,429	118,752,377	1.70%	996.60
2015	203,605,000	400,965,000	33,414,816	4,791,879	495,335,935	137,857,002	1.77%	1,139.83

Source: Comprehensive Annual Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]**See Table 5 for property value data.**

[2]**See Table 13 for population data.**

CITY OF DENTON, TEXAS **Table 11**
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton Independent School District	$ 735,851,832	64.24%	$ 472,711,217
Denton County	609,410,000	12.26%	74,713,666
Argyle Independent School District	86,508,373	9.26%	8,010,675
Aubrey Independent School District	50,720,143	0.01%	5,072
Krum Independent School District	44,062,367	4.15%	1,828,588
Pilot Point Independent School District	17,645,000	0.11%	19,410
Ponder Independent School District	24,195,000	2.78%	672,621
Sanger Independent School District	22,978,207	1.02%	234,378
Subtotal, overlapping debt			558,195,627
City of Denton, direct debt		100.00%	144,728,108
Total direct and overlappping debt			$ 702,923,735
Ratio of direct and overlapping funded debt to the City's taxable assessed valuation			9.02%
Per capita overlapping funded debt			$ 5,812

Source: Compiled by First Southwest Company using data from the "Texas Municipal Report" prepared for the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Denton. This process recognizes that, when considering the City of Denton's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[1]The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Denton's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF DENTON, TEXAS
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

	Utility System[1] Revenue Bonds					
Fiscal Year	Operating Revenue	Investment Revenue	Less: Fair Market Value Adjustment to Investment Revenue[2]	Impact Fee Revenue	Less: Operating Expenses Before Depreciation	Add: Franchise Fees and Return on Investment Paid to General Fund[3]
2006	$ 200,970,560	$ 7,061,556	$ 721,058	$ 5,556,349	$ 166,537,867	$ 12,839,184
2007	173,879,713	11,390,142	2,710,742	5,558,985	142,890,603	11,283,647
2008	185,874,450	7,458,605	69,292	6,620,938	158,245,885	11,862,151
2009	176,464,357	5,817,918	930,936	4,456,827	147,392,056	11,325,647
2010	166,295,694	1,593,161	(550,830)	3,186,225	137,201,402	12,828,293
2011	186,359,226	1,340,539	(66,712)	5,205,889	136,774,866	14,304,393
2012	189,645,277	1,477,452	110,626	3,542,829	139,801,421	14,414,769
2013	197,126,041	983,424	(227,534)	3,704,336	164,688,198	14,582,800
2014	208,666,178	1,225,879	46,226	5,191,886	175,620,125	15,278,150
2015	229,583,483	1,512,820	156,230	6,476,021	175,131,645	16,356,904

Source: Comprehensive Annual Financial Reports

[1]**The Utility System includes the Electric, Water, and Wastewater funds.**

[2]**For the coverage calculation, the fair market adjustment to the value of investments is excluded.**

[3]**For the coverage calculation, franchise fees and return on investment payments to the General Fund are excluded from operating expenses.**

[4]**Revenue bond covenants require a times coverage of 1.25 or greater.**

[5]**Total times coverage provided to assess total bond debt related to the Utility System.**

Table 12

Net Available Revenue	Revenue Bond Debt			Certificate of Obligation & General Obligation Bond Debt			Total Times Coverage[5]
	Principal	Interest	Times Coverage[4]	Principal	Interest	Times Coverage	
$ 59,168,724	$ 12,330,000	$ 13,798,811	2.26	$ -	$ -	N/A	2.26
56,511,142	13,325,000	12,265,461	2.21	-	-	N/A	2.21
53,500,967	14,840,000	13,088,928	1.92	-	-	N/A	1.92
49,741,757	15,670,000	13,073,992	1.73	-	-	N/A	1.73
47,252,801	15,935,000	12,267,799	1.68	-	-	N/A	1.68
70,501,893	13,180,000	9,208,682	3.15	4,610,000	7,315,189	5.91	3.15
69,168,280	8,460,000	7,982,284	4.21	11,880,000	7,477,233	3.57	1.93
51,935,937	12,630,000	7,028,800	2.64	9,940,000	9,115,348	2.73	1.34
54,695,742	13,260,000	6,437,088	2.78	11,860,000	10,306,245	2.47	1.31
78,641,353	11,570,000	4,902,319	4.77	15,535,000	14,115,713	2.65	1.71

CITY OF DENTON, TEXAS **Table 13**
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Population[1]	Personal Income	Per Capita Income[2]	Median Age[2]	Grade School Enrollment[3]	University Enrollment[4]	Unemployment Rate[5]
2006	103,436	2,300,106,332	22,237	27.1	19,701	42,408	3.5%
2007	106,843	2,431,746,680	22,760	27.1	20,880	43,133	3.4%
2008	108,980	2,419,464,980	22,201	27.9	22,221	43,770	4.4%
2009	111,160	2,527,667,240	22,739	28.8	22,761	45,658	6.5%
2010	113,383	2,467,894,378	21,766	28.9	24,047	47,236	6.3%
2011	114,517	2,621,408,647	22,891	28.9	24,901	47,720	6.7%
2012	115,662	2,489,161,902	21,521	27.0	25,791	48,227	5.0%
2013	117,397	2,769,630,024	23,592	26.9	26,339	48,584	4.9%
2014	119,158	2,936,410,594	24,643	27.5	27,105	48,497	3.9%
2015	120,945	2,934,125,700	24,260	27.9	27,473	52,461	3.2%

Sources:

[1]City of Denton Planning and Development Department estimate. Prior population figures have been adjusted to reflect the 2010 census data.

[2]United States Census and Denton Chamber of Commerce

[3]Denton Independent School District

[4]University of North Texas' and Texas Woman's University's Denton campus enrollment

[5]Texas Workforce Commission estimate

CITY OF DENTON, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Table 14

2015			2006		
Name of Employer	**Employees**	**Percentage of Total City Employment**	**Name of Employer**	**Employees**	**Percentage of Total City Employment**
University of North Texas	8,738	13.51%	University of North Texas	7,351	12.78%
Denton Independent School District	3,800	5.87%	Denton Independent School District	2,600	4.52%
Peterbilt Motors-Headquarters & Plant	2,100	3.25%	Paccar, Inc. (Peterbilt Motors)	2,000	3.48%
Denton State School	1,700	2.63%	Denton State School	1,450	2.52%
Texas Woman's University	1,672	2.58%	Denton County (in Denton)	1,441	2.51%
Denton County (in Denton)	1,581	2.44%	City of Denton	1,244	2.16%
City of Denton	1,508	2.33%	Texas Woman's University	1,159	2.02%
Federal Emergency Management Agency	1,100	1.70%	Federal Emergency Management Agency	1,100	1.91%
Presbyterian Hospital of Denton	1,076	1.66%	Denton Regional Medical Center	800	1.39%
Denton Regional Medical Center	950	1.47%	Denton Community (Presbyterian) Hospital	750	1.30%
Total	24,225	37.44%	Total	19,895	34.60%

Source: Office of Economic Development & Denton Chamber of Commerce

CITY OF DENTON, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees for Fiscal Year				
Function / Program	**2006**	**2007**	**2008**	**2009**	**2010**
General government	176.00	175.88	180.63	191.63	194.63
Public safety					
Police	206.23	212.23	217.23	217.23	217.23
Fire	162.25	162.25	162.25	163.25	163.25
Animal services	8.00	8.00	8.00	8.00	8.00
Municipal Court/Judge	16.50	16.50	16.75	16.75	17.50
Public works	37.00	38.00	39.00	39.00	39.00
Parks and recreation	141.85	142.07	144.15	144.15	143.08
Electric system	110.50	112.00	120.50	125.00	129.50
Water system	161.75	164.50	165.00	160.50	158.00
Wastewater system	83.12	82.87	83.37	84.87	86.37
Solid waste	85.00	87.00	88.00	93.50	93.50
Airport	-	-	-	-	-
Materials management	12.50	12.50	12.50	13.50	13.50
Fleet services	17.00	18.00	19.00	21.00	21.00
Technology services	26.00	24.50	25.00	25.00	25.00
Engineering	-	-	-	-	-
Risk Retention	-	5.00	5.00	5.00	5.00
Total	1,243.70	1,261.30	1,286.38	1,308.38	1,314.56

Source: City of Denton Budget Office

Table 15

2011	2012	2013	2014	2015
195.00	204.25	210.25	210.25	218.75
222.23	217.23	219.23	225.23	228.23
163.25	163.25	167.75	167.75	168.25
8.00	9.00	11.00	11.00	13.00
18.50	19.50	19.50	19.50	19.00
39.00	41.00	44.00	46.00	49.50
142.58	141.08	143.35	145.81	145.81
129.50	131.50	143.00	164.00	174.00
158.50	158.00	154.00	133.50	140.50
88.37	92.37	97.25	100.75	108.75
98.50	105.50	115.00	117.00	120.00
5.00	5.50	6.50	6.50	7.50
13.50	12.00	13.00	15.00	15.00
21.00	22.00	22.00	22.00	22.00
26.00	27.00	29.00	31.00	36.00
-	-	-	31.00	34.00
5.00	6.00	6.00	6.00	8.00
1,333.93	1,355.18	1,400.83	1,452.29	1,508.29

CITY OF DENTON, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year			
Function / Program	**2006**	**2007**	**2008**	**2009**
Public Safety				
Police				
Calls for service	**73,346**	**74,397**	**80,117**	**83,557**
Traffic citations issued	**39,483**	**31,131**	**31,610**	**36,598**
Fire				
Fire calls for service	**3,495**	**3,539**	**3,703**	**3,391**
EMS calls for service	**6,840**	**6,544**	**6,862**	**7,017**
Inspections (Businesses)	**3,882**	**3,144**	**3,591**	**3,622**
Animal Services				
Animals sheltered	**4,443**	**5,427**	**4,967**	**4,341**
Animals adopted, transferred, or returned	**2,167**	**2,297**	**2,119**	**2,193**
Public Works				
Street repaving (lane miles)	**16.41**	**23.38**	**41.28**	**17.43**
Pot holes repaired	**3,971**	**8,153**	**6,841**	**11,593**
Cutouts base failures (square feet)	**171,543**	**44,566**	**75,877**	**126,691**
Crack seal maintenance (linear feet)	**79,314**	**42,624**	**40,288**	**55,894**
Parks and Recreation				
Attendance				
Leisure Services	**985,778**	**1,048,500**	**1,010,351**	**1,031,530**
Water Park	**162,039**	**163,000**	**169,000**	**179,386**
Total Acres Maintained	**2,262**	**2,293**	**2,633**	**2,633**
Water System				
Number of customers	**27,884**	**28,898**	**29,679**	**30,288**
Annual finished water production (in thousand gallons)	**7,097,403**	**5,671,124**	**6,582,151**	**6,210,472**
Wastewater System				
Number of customers	**26,079**	**27,185**	**28,019**	**28,647**
Annual wastewater discharge (in thousand gallons)	**4,428,700**	**5,174,100**	**5,263,780**	**4,733,839**
Solid Waste				
Number of customers (residential and commercial)	**27,805**	**28,954**	**30,680**	**31,173**
MSW Landfilled (tons)	**114,060**	**128,644**	**136,024**	**160,378**
Recycling collections (tons)	**17,762**	**21,179**	**24,248**	**44,540**

Source: Various city departments

Table 16

2010	2011	2012	2013	2014	2015
83,746	84,899	81,104	81,084	83,704	84,434
33,990	29,162	28,327	30,166	27,160	22,022
3,199	3,423	3,316	3,845	4,183	3,933
7,255	7,458	7,657	7,717	7,977	8,079
4,739	4,370	4,310	4,366	4,830	4,066
5,042	4,936	5,467	5,420	5,072	4,876
3,264	3,730	4,332	4,209	3,895	3,870
10.27	8.33	15.43	10.26	25.59	18.21
20,988	10,535	10,807	7,227	8,996	11,872
169,396	146,925	102,879	114,448	72,098	99,085
53,712	116,556	117,780	155,838	77,451	59,115
1,153,632	1,093,705	969,858	909,395	1,060,988	967,132
193,361	200,553	212,123	215,605	209,406	218,232
2,633	2,570	2,405	2,272	2,425	2,469
30,889	31,222	31,372	31,837	32,405	33,465
6,209,966	7,331,902	6,750,840	6,827,186	6,155,724	6,355,608
29,105	29,519	29,772	30,103	30,562	31,243
5,617,490	4,852,097	4,966,250	4,943,270	4,926,080	5,834,100
32,044	32,621	33,049	34,003	36,593	37,540
140,284	149,930	164,436	176,076	203,928	227,859
50,246	73,912	86,887	96,055	87,655	81,558

CITY OF DENTON, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function / Program	Fiscal Year 2006	2007	2008	2009	2010
Public safety					
Police					
Police stations	1	1	1	1	1
Police patrol units	149	149	147	149	149
Fire					
Fire stations	6	7	7	7	7
Emergency vehicles	22	24	24	26	30
Animal services					
Animals shelters	1	1	1	1	1
Public works					
Lane miles added per year	25.34	22.66	10.10	14.79	41.77
Streetlights	7,118	7,008	7,011	7,015	7,016
Parks and recreation					
Parks	37	37	37	37	37
Park acreage	1,272	1,218	1,292	1,438	1,341
Recreation centers	13	13	13	13	13
Water system					
Water mains (miles)	520	530	533	550	558
Raw water (in thousand gallons)	7,322,361	5,801,994	6,694,734	6,471,258	6,416,086
Wastewater system					
Wastewater mains (miles)	459	470	481	488	495
Maximum daily capacity (in million gallons)	21	21	21	25	25
Solid waste					
Landfills	1	1	1	1	1

Source: Various city departments

Table 17

2011	2012	2013	2014	2015
1	1	1	1	1
143	139	137	138	137
7	7	7	7	7
30	30	31	31	32
1	1	1	1	1
1.56	2.45	12.00	12.20	5.83
6,996	6,987	7,020	7,067	7,164
37	37	37	37	37
1,332	1,431	1,461	1,783	1,783
13	13	13	13	13
560	565	572	592	604
7,572,149	7,013,351	6,776,717	6,195,624	6,493,457
496	501	509	513	516
25	25	25	25	25
1	1	1	1	1

CITY
OF
DENTON

CITY OF DENTON, TEXAS **Exhibit XXXIV**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 2,392,436	$ 2,377,536	$ 2,312,812	$ 64,724
Materials and Supplies	40,788	40,788	24,031	16,757
Maintenance and Repairs	19,980	23,880	21,290	2,590
Insurance	18,602	18,602	18,602	-
Miscellaneous	58,075	52,125	84,238	(32,113)
Operations, Services	119,954	130,954	156,995	(26,041)
Transfers - Interfund	125,012	125,012	125,012	-
City Manager's Office	2,774,847	2,768,897	2,742,980	25,917
Personal Service	254,988	254,988	255,842	(854)
Materials and Supplies	991	991	2,177	(1,186)
Maintenance and Repairs	1,500	1,500	-	1,500
Insurance	3,780	3,780	3,780	-
Miscellaneous	350	350	1,029	(679)
Operations, Services	22,936	22,936	14,925	8,011
Transfers - Interfund	29,062	29,062	29,062	-
Cable Television	313,607	313,607	306,815	6,792
Operations, Services	75,000	75,000	29,206	45,794
Internal Audit	75,000	75,000	29,206	45,794
Personal Service	300,896	300,896	278,826	22,070
Materials and Supplies	25,280	25,280	33,054	(7,774)
Insurance	3,361	3,361	3,361	-
Operations, Services	108,035	108,035	95,147	12,888
Transfers - Interfund	19,540	19,540	19,540	-
Public Communications	457,112	457,112	429,928	27,184
Personal Service	1,087,267	1,087,267	1,082,699	4,568
Materials and Supplies	31,121	31,121	20,299	10,822
Maintenance and Repairs	500	500	-	500
Insurance	14,523	14,523	14,523	-
Miscellaneous	53,373	53,373	40,770	12,603
Operations, Services	287,374	225,374	175,381	49,993
Transfers - Interfund	91,365	153,365	153,365	-
Human Resources	$ 1,565,523	$ 1,565,523	$ 1,487,037	$ 78,486

(continued)

CITY OF DENTON, TEXAS **Exhibit XXXIV**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 1,871,569	$ 1,871,569	$ 1,837,340	$ 34,229
Materials and Supplies	12,086	12,086	41,311	(29,225)
Insurance	14,339	14,339	14,339	-
Operations, Services	201,234	201,234	454,056	(252,822)
Transfers - Interfund	77,660	77,660	77,660	-
Fixed Assets	17,774	17,774	-	17,774
Legal Administration	2,194,662	2,194,662	2,424,706	(230,044)
Personal Service	393,041	393,041	324,290	68,751
Materials and Supplies	4,943	4,153	1,644	2,509
Maintenance and Repairs	-	120	119	1
Insurance	4,934	4,934	4,934	-
Operations, Services	4,478	5,148	4,810	338
Transfers - Interfund	35,320	71,863	71,863	-
Municipal Judge	442,716	479,259	407,660	71,599
Personal Service	1,875,348	1,875,348	1,723,950	151,398
Materials and Supplies	51,032	51,032	63,926	(12,894)
Insurance	21,861	21,861	21,861	-
Miscellaneous	36,981	26,981	32,478	(5,497)
Operations, Services	195,849	163,849	121,650	42,199
Transfers - Interfund	249,741	281,741	291,741	(10,000)
Planning	2,430,812	2,420,812	2,255,606	165,206
Personal Service	1,950,893	1,950,893	1,769,631	181,262
Materials and Supplies	55,450	52,407	53,285	(878)
Maintenance and Repairs	9,634	22,885	16,447	6,438
Insurance	24,420	24,420	24,421	(1)
Miscellaneous	-	-	28	(28)
Operations, Services	99,623	89,415	70,866	18,549
Transfers - Interfund	266,575	312,335	312,335	-
Fixed Assets	45,760	-	-	-
Building Inspections	2,452,355	2,452,355	2,247,013	205,342
Personal Service	198,246	198,246	199,335	(1,089)
Materials and Supplies	230,840	230,840	241,407	(10,567)
Maintenance and Repairs	3,000	3,000	2,617	383
Insurance	2,390	2,390	2,390	-
Operations, Services	4,146	4,146	4,042	104
Transfers - Interfund	25,206	25,206	25,206	-
Reprographics	463,828	463,828	474,997	(11,169)
Personal Service	358,935	358,935	253,598	105,337
Materials and Supplies	2,592	2,592	1,216	1,376
Insurance	4,757	4,757	4,757	-
Miscellaneous	250	250	54,790	(54,540)
Operations, Services	20,918	20,918	12,411	8,507
Transfers - Interfund	33,052	33,052	33,052	-
Gas Well Review	$ 420,504	$ 420,504	$ 359,824	$ 60,680

(continued)

CITY OF DENTON, TEXAS **Exhibit XXXIV**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 1,098,163	$ 1,098,163	$ 1,004,289	$ 93,874
Materials and Supplies	50,640	50,640	37,356	13,284
Maintenance and Repairs	-	-	210	(210)
Insurance	41,661	41,661	41,661	-
Miscellaneous	-	-	28	(28)
Operations, Services	288,221	258,221	210,781	47,440
Transfers - Interfund	127,116	157,116	157,116	-
Community Improvement	1,605,801	1,605,801	1,451,441	154,360
Personal Service	1,178,363	1,178,363	1,092,870	85,493
Materials and Supplies	76,798	70,798	60,028	10,770
Maintenance and Repairs	15,500	12,782	9,230	3,552
Insurance	18,620	18,620	18,620	-
Miscellaneous	5,300	5,300	1,500	3,800
Operations, Services	53,561	49,279	46,381	2,898
Transfers - Interfund	112,403	154,193	154,193	-
Municipal Court	1,460,545	1,489,335	1,382,822	106,513
Personal Service	2,471,795	2,471,795	2,453,286	18,509
Materials and Supplies	105,393	97,528	50,090	47,438
Maintenance and Repairs	675	675	675	-
Insurance	24,462	24,462	24,462	-
Miscellaneous	1,915	1,915	3,552	(1,637)
Operations, Services	794,177	802,042	780,112	21,930
Transfers - Interfund	145,086	145,086	145,086	-
Finance	3,543,503	3,543,503	3,457,263	86,240
Personal Service	622,523	620,123	554,973	65,150
Materials and Supplies	38,234	38,234	32,440	5,794
Maintenance and Repairs	576	576	576	-
Insurance	9,034	9,034	9,034	-
Miscellaneous	209,092	201,092	177,426	23,666
Operations, Services	2,109,164	2,138,564	1,941,251	197,313
Transfers - Interfund	31,231	31,231	135,072	(103,841)
Economic Development	3,019,854	3,038,854	2,850,772	188,082
Personal Service	7,239,165	7,239,165	7,061,739	177,426
Materials and Supplies	725,865	723,330	697,999	25,331
Maintenance and Repairs	830,892	826,940	712,950	113,990
Insurance	172,253	172,253	172,253	-
Miscellaneous	-	-	197	(197)
Operations, Services	2,226,821	2,200,908	2,057,343	143,565
Transfers - Interfund	593,708	626,108	643,987	(17,879)
Fixed Assets	-	-	28,740	(28,740)
Parks & Recreation	$ 11,788,704	$ 11,788,704	$ 11,375,208	$ 413,496

(continued)

CITY OF DENTON, TEXAS **Exhibit XXXIV**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 1,414,034	$ 1,414,034	$ 1,414,231	$ (197)
Materials and Supplies	47,275	47,275	34,045	13,230
Maintenance and Repairs	886,946	811,446	821,674	(10,228)
Insurance	17,772	17,772	17,772	-
Miscellaneous	1,503	1,503	857	646
Operations, Services	1,208,982	1,162,205	1,205,781	(43,576)
Transfers - Interfund	127,385	258,222	289,795	(31,573)
Fixed Assets	39,060	-	-	-
Facilities Management	3,742,957	3,712,457	3,784,155	(71,698)
Personal Service	3,500,009	3,500,009	3,392,810	107,199
Materials and Supplies	150,319	154,900	150,180	4,720
Maintenance and Repairs	115,888	72,210	64,594	7,616
Insurance	76,510	76,510	76,510	-
Operations, Services	447,420	435,913	462,449	(26,536)
Transfers - Interfund	919,990	1,016,786	1,016,793	(7)
Fixed Assets	455,000	457,201	457,201	-
Library	5,665,136	5,713,529	5,620,537	92,992
Personal Service	259,830	259,830	244,746	15,084
Materials and Supplies	9,132	9,132	3,371	5,761
Maintenance and Repairs	4,300	4,300	3,565	735
Insurance	1,202	1,202	1,202	-
Miscellaneous	400	400	1,156	(756)
Operations, Services	166,402	166,402	145,897	20,505
Transfers - Interfund	7,046	7,046	7,046	-
Transportation Operations	448,312	448,312	406,983	41,329
Personal Service	954,261	954,261	949,274	4,987
Materials and Supplies	18,350	18,350	15,105	3,245
Maintenance and Repairs	781,248	949,254	914,678	34,576
Insurance	23,141	23,141	23,141	-
Miscellaneous	2,400	2,400	2,067	333
Operations, Services	167,416	167,522	162,819	4,703
Transfers - Interfund	91,289	291,289	331,289	(40,000)
Fixed Assets	200,000	-	-	-
Traffic Operations	2,238,105	2,406,217	2,398,373	7,844
Operations, Services	735,000	735,000	743,809	(8,809)
Street Lighting	$ 735,000	$ 735,000	$ 743,809	$ (8,809)

(continued)

CITY OF DENTON, TEXAS **Exhibit XXXIV**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 23,546,210	$ 23,546,210	$ 23,233,215	$ 312,995
Materials and Supplies	235,726	267,966	289,587	(21,621)
Maintenance and Repairs	199,480	199,480	189,948	9,532
Insurance	311,928	311,928	311,928	-
Miscellaneous	94,365	94,365	91,849	2,516
Operations, Services	1,126,073	1,126,073	972,622	153,451
Transfers - Interfund	1,483,202	1,543,152	1,542,797	355
Fixed Assets	59,950	10,000	6,936	3,064
Police	27,056,934	27,099,174	26,638,882	460,292
Personal Service	720,954	720,954	806,606	(85,652)
Materials and Supplies	49,513	49,513	107,468	(57,955)
Maintenance and Repairs	13,716	13,716	20,392	(6,676)
Insurance	12,681	12,681	12,681	-
Operations, Services	282,593	282,593	393,482	(110,889)
Transfers - Interfund	55,508	55,508	55,508	-
Animal Services	1,134,965	1,134,965	1,396,137	(261,172)
Personal Service	21,021,665	21,021,665	20,349,050	672,615
Materials and Supplies	433,401	425,164	456,321	(31,157)
Maintenance and Repairs	258,804	236,134	236,818	(684)
Insurance	233,931	233,931	233,931	-
Miscellaneous	54,600	54,600	43,335	11,265
Operations, Services	1,288,933	1,288,540	1,199,286	89,254
Transfers - Interfund	724,490	1,207,228	1,207,228	-
Fixed Assets	80,000	80,000	80,000	-
Fire	24,095,824	24,547,262	23,805,969	741,293
Personal Service	203,642	203,642	209,786	(6,144)
Materials and Supplies	1,810	1,810	1,903	(93)
Insurance	3,360	3,360	3,360	-
Miscellaneous	220,000	220,000	204,549	15,451
Operations, Services	5,696	5,696	6,466	(770)
Transfers - Interfund	24,262	24,262	24,262	-
Agency Contributions	458,770	458,770	450,326	8,444
Personal Service	(1,000,000)	(1,252,612)	40,708	(1,293,320)
Materials and Supplies	20,000	20,000	20,000	-
Maintenance and Repairs	3,200	9,150	9,150	-
Miscellaneous	175,000	176,975	181,231	(4,256)
Operations, Services	1,008,949	1,041,274	984,245	57,029
Transfers - Interfund	2,054,115	2,283,927	2,202,757	81,170
Miscellaneous/Finance	2,261,264	2,278,714	3,438,091	(1,159,377)
Personal Service	73,914,233	73,644,321	72,845,906	798,415
Materials and Supplies	2,417,579	2,425,930	2,438,243	(12,313)
Maintenance and Repairs	3,145,839	3,188,548	3,024,933	163,615
Insurance	1,059,522	1,059,522	1,059,523	(1)
Miscellaneous	913,604	891,629	921,080	(29,451)
Operations, Services	13,048,955	12,907,241	12,452,213	455,028
Transfers - Interfund	7,449,364	8,929,990	9,051,765	(121,775)
Fixed Assets	897,544	564,975	572,877	(7,902)
TOTAL GENERAL FUND	$ 102,846,640	$ 103,612,156	$ 102,366,540	$ 1,245,616

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